UniAsia General Insurance

Annual Report 2011

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Chief Internal Auditor

Chief Executive Officer

MANAGEMENT TEAM

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CORPORATE INFORMATION

Board of Directors

David Chan Mun Wai – **Acting Chairman**
Dato' Sri Haji Mohd Khamil bin Jamil
Lawrence Pereira
Datuk Abdul Shukor Hassan
Dato' Dr. Mohd Shahari Ahmad Jabar
Dato' Khalid bin Abdol Rahman
Chan Kok Seong
George Isac Pereire

Company Secretaries

Carol Chan Choy Lin
Claire Yeong Yin Fun

Auditors

PricewaterhouseCoopers
Level 10, 1 Sentral
Jalan Travers
Kuala Lumpur Sentral
50706 Kuala Lumpur
Tel: 03-2173 1188

Bankers

EON Bank Berhad
Maybank Berhad
CIMB Bank Berhad
Citibank Berhad
United Overseas Bank Berhad

Registered Office

9th Floor, Menara Uni.Asia
1008 Jalan Sultan Ismail
50250 Kuala Lumpur
Tel: 03-2693 8111

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the **Thirty-Seventh Annual General Meeting** of the Shareholders of the Company will be held at the Board Room, 9th Floor, Menara Uni.Asia, 1008 Jalan Sultan Ismail, 50250 Kuala Lumpur on **Friday, 1st July, 2011 at 3.00 p.m**.

AGENDA

1. To receive and adopt the Audited Accounts for the year ended 31st March, 2011 together with the Directors' and Auditors' Reports thereon.

2. To declare a first and final dividend of 10% less 25% income tax in respect of the financial year ended 31st March, 2011.

3. To approve Directors' Fees of RM395,000.00 for the year ended 31st March, 2011.

4. To re-elect the following Directors who retire in accordance with the Company's Articles of Association:-

   Under Article 63:
   (i) David Chan Mun Wai (ii) George Isac Pereire

5. To re-elect the following Directors who retire pursuant to Section 129(6) of the Companies Act 1965:-

   (i) Lawrence Pereira
   (ii) Datuk Abdul Shukor Hassan
   (iii) Dato' Dr. Mohd. Shahari bin Ahmad Jabar

6. To re-appoint Messrs. PricewaterhouseCoopers as Auditors of the Company and to authorise the Directors to fix their remuneration.

BY ORDER OF THE BOARD

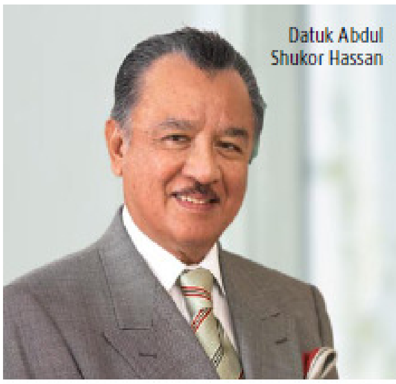
CAROL CHAN CHOY LIN (MIA 3930) CLAIRE YEONG YIN FUN (LS 000138)
Company Secretaries

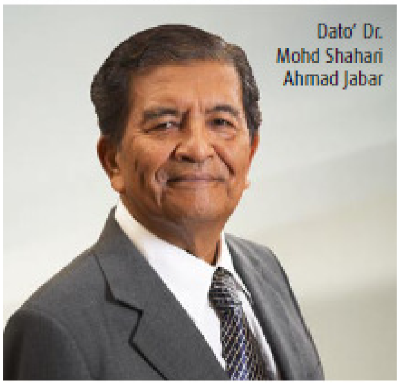
Kuala Lumpur
9th June, 2011

NOTE:
A member entitled to attend and vote at the meeting may appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company. The instrument appointing a proxy shall be delivered in writing under the hand of the appointor or his attorney or, if such an appointor is a corporation, under its Common Seal or the hand of its attorney. All proxies must be deposited at the Company's Registered Office not less than 48 hours before the time of the holding of the meeting or any adjournment thereof.

BOARD OF DIRECTORS

ACTING CHAIRMAN





ACTING CHAIRMAN'S REVIEW

David Chan Mun Wai
Acting Chairman

On behalf of the Board of Directors, I am pleased to present the Annual Report and Audited Financial Statements of Uni.Asia General Insurance Berhad for the financial year ended 31 March 2011.

Financial Performance

In 2010, the Malaysian economy experienced a strong Gross Domestic Product (GDP) growth of 7.2 percent, driven by robust domestic demand, strong expansion in private sector and continued improvements in employment conditions. The services sector which included the insurance industry remained as the largest contributor to growth, contributing 3.9 percent to the overall GDP growth. In tandem with the improvement in the domestic economy, the general insurance industry grew 9.0 percent, recorded RM12.6 billion in gross direct premiums from RM11.5 billion in the previous year.

During the financial year, Uni.Asia General registered its highest ever gross premiums of RM412.8 million up from the RM397.2 million attained in the previous year. Its portfolio mix comprised a healthy share of 72.0 percent motor business and 28.0 percent non-motor business compared with 76.4 percent and 23.6 percent recorded during the last financial year. In line with the premium growth, the Company reported a profit before tax of RM40.3 million, reversing the RM24.3 million losses in the previous year. The Company also strengthened its Capital Adequacy Ratio (CAR) to over 200 percent, exceeding the Bank Negara Malaysia's supervisory requirement level of 130 percent and the internal CAR level of 180 percent, with total assets exceeding the RM1.0 billion-mark for the first time. The sound financial results achieved were attributable to the successful adoption of a new business model, which focuses on key strategic transformation initiatives that strengthened its portfolio mix and restored profitability.

Operational Review

The Company had also undertaken various initiatives to transform its operations and achieved substantial progress in the year under review.

In relation to **Claims Management**, Uni.Asia General further streamlined its claims handling procedures

ACTING CHAIRMAN'S REVIEW

to ensure faster claims settlement. The Company also invested in a new document management system to expedite claims processing.

With regard to **Human Capital Development**, the Company continued to invest in training and development programmes to equip its workforce with the relevant knowledge and skills. Its combination of training programmes, comprehensive product suites and specialised support allowed employees and agents to address the evolving needs of its customers. In addition, the Company placed great importance in building an engaged and productive working environment. Numerous sport, competition and teambuilding activities were organised to enhance collaboration among management and employees, facilitate teamwork and ultimately increase productivity.

Leveraging **Information Technology** (IT) to improve operational efficiency and customer service was also another focus. During the financial year, the Company upgraded its IT infrastructure to deliver additional functionalities and performed a company-wide upgrade of its PC inventories to accommodate business growth. The Company also restructured its customer service platform to ensure customer satisfaction, improve efficiency and create greater value for its stakeholders.

Reaffirming its commitment towards **Corporate Responsibility**, Uni.Asia General carried out a wide range of initiatives including blood donation campaign, fund raising campaign and community visit to benefit the community. The Company also assisted in channelling donations to help the underprivileged and victims of natural disasters, such as the Japan earthquake and tsunami. In promoting environmental awareness, the Company reduced its carbon footprint by saving energy, cutting paper consumption and engaging in recycling programmes.

Future Outlook

Intense competition, competitive rating, changes in the regulatory requirements and volatility in the financial markets have created a challenging operating environment for general insurers. Notwithstanding these challenges, Uni.Asia General will draw upon its strengths – its innovative product offerings, diversified distribution partners, strategic distribution networks, shareholders synergies, financial strength and dedicated workforce, to strive for sustainable profitable growth and success in 2012 and beyond.

ACTING CHAIRMAN'S REVIEW

Appreciation

I wish to record my sincere thanks and appreciation to all my fellow Directors for their contribution, advice and unwavering support during the year.

The stellar performance of 2011 was possible because of the hard work, commitment and dedication of all the staff of Uni.Asia General, and on behalf of the Board of Directors, I would like to extend my heartfelt gratitude to each and everyone for a job well done and to all the shareholders, customers and business associates for their continued support to the Company. While we are encouraged by the results achieved, there is still much work to be done as we confront the challenges and opportunities ahead to scale new heights. We remain committed to the relentless pursuit of providing value-added products and services to our stakeholders, and delivering sustainable profit to our shareholders in the coming years.

David Chan Mun Wai
Acting Chairman

Financial Statements

DIRECTORS' REPORT

for the year ended 31 March 2011

The Directors hereby submit their report to the members together with the audited financial statements of the Company for the financial year ended 31 March 2011.

PRINCIPAL ACTIVITIES

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 year.

FINANCIAL RESULTS

	RM'000
Profit for the financial year	36,213

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

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

DIVIDENDS

No dividends was declared or paid since the end of the previous financial year. The Directors now recommend the payment of first and final gross dividend of ten (10) sen per share less income tax of twenty five percent amounting to RM7,500,000 in respect of financial year ended 31 March 2011, which is subject for approval of the members at the forthcoming Annual General Meeting of the Company.

DIRECTORS

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

David Chan Mun Wai
Dato' Sri Haji Mohd Khamil Jamil
Dato' Khalid Abdol Rahman
Datuk Abdul Shukor Hassan
Dato' Dr. Mohd Shahari Ahmad Jabar
Lawrence Pereira
George Isac Pereire
Chan Kok Seong

In accordance with the Company's Article of Association, David Chan Mun Wai and George Isac Pereire retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

Pursuant to Section 129 of the Companies Act, 1965, Dato' Dr. Mohd Shahari Ahmad Jabar, Lawrence Pereira and Datuk Abdul Shukor Hassan retire and a resolution is being proposed for their reappointments as Directors under the provision of Section 129(6) of the said Act to hold office until the next Annual General Meeting of the Company.

DIRECTORS' REPORT (continued)

for the year ended 31 March 2011

RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year are disclosed in the notes to the financial statements.

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 action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and satisfied themselves that all known bad debts had been written off and adequate allowance had been made for doubtful debts.

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

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 realise in the ordinary course of business, their values 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 that has arisen since the end of the financial year 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 year.

DIRECTORS' REPORT (continued)
for the year ended 31 March 2011

CONTINGENT AND OTHER LIABILITIES (CONTINUED)

In the opinion of Directors, no contingent 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 year which, in the opinion of the Directors, will or may affect the ability of the Company to meet their obligations as and when they fall due.

For the purpose of this paragraph, 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 that would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

There has not arisen in the interval between the end of the financial year 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 year in which this report is made.

SHARE CAPITAL

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

CORPORATE GOVERNANCE

Compliance with BNM JPI/GPI 25:
Prudential Framework of Corporate Governance of Insurers

The Company is prescribing to the requirements of, and adopts management practices that are consistent with the principles of BNM Guideline JPI/GPI 25 (Consolidated) - Prudential Framework of Corporate Governance for Insurers (JPI/GPI 25).

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 Insurance Act 1996, Insurance Regulations 1996 and JPI/GPI 25 and other directives. The Company strives to adopt other best practices on corporate governance.

DIRECTORS' REPORT (continued)

for the year ended 31 March 2011

CORPORATE GOVERNANCE (CONTINUED)

Board Responsibilities and Oversight (Continued)

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
(vi) Claims and Underwriting Committee
(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 eight directors i.e. six Non-Executive Directors and two 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.

(b) Board Meetings

During the financial year, the Board met six times and all Directors complied with the 75% minimum attendance requirement at such meeting. Details of attendance of each Board member at meetings held during the financial year are as follows:

Members	Status of Directorship	Number of Board Meetings	
		Held	Attended
David Chan Mun Wai	Non-Executive Director & Acting Chairman	6	6
Dato' Sri Haji Mohd Khamil bin Jamil	Non-Executive Director	6	5
Dato' Dr. Mohd Shahari Ahmad Jabar	Independent Non-Executive Director	6	6
Chan Kok Seong	Non-Executive Director	6	5
Dato' Khalid Abdol Rahman	Non-Executive Director	6	6
Lawrence Pereira	Non-Executive Director	6	5
Datuk Abdul Shukor Hassan	Non-Executive Director	6	6
George Isac Pereire	Independent Non-Executive Director	6	6

(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.

DIRECTORS' REPORT (continued)
for the year ended 31 March 2011

CORPORATE GOVERNANCE (CONTINUED)

Board Responsibilities and Oversight (Continued)

(d) Board of Directors' Policy

In the spirit of Principle 4 of JPI/GPI 25, 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 Chairman 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 are seven Board Committees namely Audit, Nomination, Remuneration, Risk Management, Executive, Claims and Underwriting, and Investment. Details of each Board Committees are as follows:

A The Audit Committee

The primary objective of the Committee is to assist the Board in fulfilling its oversight responsibilities for the financial reporting process, the system 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 year ended 31 March 2011 are as follows:

Members	Status of Directorship	Number of Meetings	
		Held	Attended
George Isac Pereire *	Independent Non-Executive Director	6	6
Dato' Dr. Mohd Shahari Ahmad Jabar	Independent Non-Executive Director	6	6
Chan Kok Seong	Non-Executive Director	6	6

* Chairman

DIRECTORS' REPORT (continued)
for the year ended 31 March 2011

CORPORATE GOVERNANCE (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, CEO and key Senior Officers. It is also a process of reviewing the balance and assessing the effectiveness of each of the individual Directors, 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 year ended 31 March 2011 are as follows:

Members	Status of Directorship	Number of Meetings	
		Held	Attended
George Isac Pereire*	Independent Non-Executive Director	2	2
David Chan Mun Wai	Non-Executive Director	2	2
Dato'Sri Haji Mohd Khamil Bin Jamil	Non-Executive Director	2	1
Datuk Abdul Shukor Hassan	Non-Executive Director	2	2
Dato' Dr. Mohd Shahari Ahmad Jabar	Independent Non-Executive Director	2	2

* Chairman

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, 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 year ended 31 March 2011 are as follows:

Members	Status of Directorship	Number of Meetings	
		Held	Attended
George Isac Pereire *	Independent Non-Executive Director	2	2
David Chan Mun Wai	Non-Executive Director	2	2
Dato'Sri Haji Mohd Khamil Bin Jamil	Non-Executive Director	2	1
Lawrence Pereira	Non-Executive Director	2	2
Datuk Abdul Shukor Hassan	Non-Executive Director	2	2

* Chairman

DIRECTORS' REPORT (continued)
for the year ended 31 March 2011

CORPORATE GOVERNANCE (CONTINUED)

Board Committees (Continued)

D 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 year ended 31 March 2011 are as follows:

Members	Status of Directorship	Number of Meetings	
		Held	Attended
George Isac Pereire*	Independent Non-Executive Director	5	5
David Chan Mun Wai	Non-Executive Director	5	5
Dato' Khalid Abdol Rahman	Non-Executive Director	5	3
Datuk Abdul Shukor Hassan	Non-Executive Director	5	5
Dato' Dr. Mohd Shahari Ahmad Jabar	Independent Non-Executive Director	5	5

* Chairman

E The Executive Committee

The objectives of the Committee are:

- 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 meets on a monthly 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 comprises the following members and details of attendance of each member at meetings held during the financial year ended 31 March 2011 are as follows:

Members	Status of Directorship	Number of Meetings	
		Held	Attended
Dato' Sri Haji Mohd Khamil Bin Jamil*	Non-Executive Director	5	4
David Chan Mun Wai	Non-Executive Director	5	5
Chan Kok Seong	Non-Executive Director	5	3
Dato' Khalid Abdol Rahman	Non-Executive Director	5	5
David Tan See Dip	Chief Executive Officer	5	5

* Chairman

DIRECTORS' REPORT (continued)
for the year ended 31 March 2011

CORPORATE GOVERNANCE (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 reports to the Board the results, observations and recommendations arising from the review of the above for deliberation and formalisation by the Board. In discharging its duties, the Committee provides professional directions to the state of affairs of the Company where it is heading in the areas of claims and underwriting.

This Committee comprises the following members and details of attendance of each member at meetings held during the financial year ended 31 March 2011 are as follows:

Members	Status of Directorship	Number of Meetings	
		Held	Attended
Lawrence Pereira*	Non-Executive Director	4	4
Dato' Sri Haji Mohd Khamil Bin Jamil	Non-Executive Director	4	3
David Chan Mun Wai	Non-Executive Director	4	4
Datuk Abdul Shukor Hassan	Non-Executive Director	4	4
David Tan See Dip	Chief Executive Officer	4	4

* Chairman

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 year ended 31 March 2011 are as follows:

Members	Status of Directorship	Number of Meetings	
		Held	Attended
Chan Kok Seong*	Non-Executive Director	5	5
Dato' Khalid Abdol Rahman	Non-Executive Director	5	5
David Tan See Dip	Chief Executive Officer	5	5

* Chairman

DIRECTORS' REPORT (continued)
for the year ended 31 March 2011

CORPORATE GOVERNANCE (CONTINUED)

Management Accountability

Material Contracts

During the financial year, the Company sought and obtained from its shareholders, a subordinated loan amounting to RM30 million. The purpose of the loan is to improve the Company's Capital Adequacy Ratio ("CAR") position.

Corporate Independence

The Company has complied with the requirements of BNM's Guidelines on Related Party Transactions (JPI/GPI 19) in respect of all its related party transactions.

Internal Control and Enterprise Risk Management

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

It is primarily the Board responsibility to determine the strategies and policies for risk and control, whilst the Management is responsible for the effectiveness of the design and operation of risk management and control processes.

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 ("RMCB") will oversee senior management's activities in managing the key risk areas and ensure that the risk management framework and processes are in place and functioning effectively.

The implementation of the ERM is delegated to the CEO and supported by the Risk Management Committee of the Management ("RMCM"). The RMCM will assist the CEO in formulating appropriate procedures (including assessment methodologies, tools and techniques) and review the application of risk management practices. The RMCM will regularly report back the assessment on governance and risk management to the RMCB.

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

DIRECTORS' REPORT (continued)

for the year ended 31 March 2011

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 at 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 limit as per Risk Based Capital (RBC) 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 timely updated and reviewed.

DIRECTORS' REPORT (continued)
for the year ended 31 March 2011

CORPORATE GOVERNANCE (CONTINUED)

Internal Control and Enterprise Risk Management (Continued)

(g) Internal Audit

The IAD reports directly to the Audit Committee ("AC") functionally and its findings and recommendations are communicated to the AC via internal audit reports. Reports are issued within one and half months from completion of the audits and tabled to the AC regularly. In addition, the AC reviews the annual audit plan and follow-up actions on various audit observations. The AC Chairman provides written reports to the Board on the deliberation of the AC on a regular basis. A copy of the report is extended to the affected management personnel and the members of the AC. In line with BNM circular JP 3/2/99 requirements, audit reports are also submitted to BNM.

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 constantly;
(ii) Made judgement 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 their financial position and which enable 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)
for the year ended 31 March 2011

CORPORATE GOVERNANCE (CONTINUED)

DIRECTORS' INTERESTS

According to the Register of Directors' shareholdings, the interests of the Directors in office at the end of the financial year in shares in the Company and in shares in its related corporations were as follows:

	Number of Ordinary Shares of RM1.00 each			
	As at 1.4.2010	Acquired	Disposed	As at 31.3.2011
In the Company				
Direct:				
George Isac Pereire	2,052,381	-	-	2,052,381
Indirect:				
Lawrence Pereira*	9,850,000	-	-	9,850,000
Datuk Abdul Shukor Hassan**	10,003,175	-	-	10,003,175
In DRB-HICOM Berhad (Penultimate Holding Company)				
Direct:				
George Isac Pereire	170,000	50,000	-	220,000
Interest of spouse/child of the Directors				
Dato' Dr Mohd Shahari Ahmad Jabar	-	60,000	-	60,000
In Etika Strategi Sdn Bhd (Ultimate Holding Company)				
Dato' Sri Haji Mohd Khamil Jamil	30,000	-	-	30,000

* 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.

Other than the above, none of the Directors in office at the end of the year held any interests in the shares and/or options over shares in the Company or in its related corporations during the financial year.

DIRECTORS' REPORT (continued)
for the year ended 31 March 2011

DIRECTORS' REPORT (CONTINUED)

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than the options over shares granted by its penultimate holding company, DRB-HICOM Berhad, to certain Directors of the Company pursuant to DRB-HICOM Berhad's Employees' Share Option Scheme.

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than Directors' remuneration and benefits provided to Directors disclosed in Note 28 to the financial statements) by reason of a contract made by the Company or a related corporation with a 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, except for any deemed benefits that may accrue to a Director by virtue of normal trade transactions between the Company and companies in which the Director has significant equity interest.

IMMEDIATE HOLDING COMPANY AND ULTIMATE HOLDING COMPANY

The immediate holding company is Uni.Asia Capital Sdn. Bhd. The Directors regard DRB-HICOM Berhad and Etika Strategi Sdn. Bhd. as the penultimate holding company and ultimate holding company of the Company respectively. The companies are incorporated in Malaysia.

AUDITORS

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 22 June 2011.

DAVID CHAN MUN WAI
DIRECTOR

DATO' KHALID BIN ABDOL RAHMAN
DIRECTOR

Kuala Lumpur

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
ASSETS				
Property and equipment	4	60,725	60,271	52,221
Investment properties	5	40,388	39,764	33,880
Available-for-sale financial assets	6	79,275	55,805	212,991
Held-to-maturity financial assets	6	148,888	117,583	13,349
Loans and receivables	7	347,762	366,646	255,939
Deferred tax assets	8	-	-	3,295
Reinsurance assets	9	270,290	131,801	142,680
Insurance receivables	10	53,069	52,110	41,877
Deferred acquisition cost	11	18,693	19,083	21,097
Current tax recoverable		3,549	5,206	4,283
Cash and cash equivalents	12	35,194	60,442	50,547
Total assets		1,057,833	908,711	832,159
SHAREHOLDERS' EQUITY AND LIABILITIES				
Share capital	13	100,000	100,000	100,000
Reserves	14	19,415	19,518	411
Retained earnings	15	130,075	93,853	120,965
Total equity		249,490	213,371	221,376
Insurance contract liabilities	16	657,341	625,869	554,977
Subordinated loan	17	30,000	-	-
Other financial liabilities	18	46,659	182	422
Deferred tax liabilities	8	1,655	-	-
Deferred acquisition cost-reinsurance	11	7,732	2,655	3,822
Insurance payables	19	47,360	52,557	42,326
Other payables	20	16,955	13,250	8,346
Post employment benefit obligations	21	641	827	890
Total liabilities		808,343	695,340	610,783
Total shareholders' equity and liabilities		1,057,833	908,711	832,159

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

INCOME STATEMENT

for the financial year ended 31 March 2011

	Note	31.3.2011 RM'000	31.3.2010 RM'000
Operating revenue	22	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	23	22,025	21,573
Realised gains and losses	24	31	4,483
Fair value gains and losses	25	637	8,633
Commission income	26	38,921	11,790
Other income	27	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	26	(45,216)	(44,592)
Management expenses	28	(57,857)	(56,938)
Other expenses		(103,073)	(101,530)
Finance costs	17	(2,036)	-
Profit/ (loss) before taxation		40,266	(24,269)
Tax expense	29	(4,053)	(2,843)
Profit/(loss) for the financial year		36,213	(27,112)
Basic earnings/ (loss) per share (sen)	30	36.21	(27.11)

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

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
Total comprehensive income/(loss) for the financial year	36,119	(8,005)

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

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	
	Note	Number of shares	Nominal value	Asset revaluation reserve	Available-for-sale reserve	Retained earnings	Total
		000	RM'000	RM'000	RM'000	RM'000	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	38	-	-	-	-	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	38	-	-	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

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

STATEMENT OF CASH FLOW

for the financial year ended 31 March 2011

	Note	31.3.2011 RM'000	31.3.2010 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
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 payable		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

STATEMENT OF CASH FLOW
for the financial year ended 31 March 2011 (continued)

	Note	31.3.2011 RM'000	31.3.2010 RM'000
CASH FLOW FROM INVESTING ACTIVITIES			
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)
CASH FLOW FROM FINANCING ACTIVITIES			
Finance cost		(1,599)	-
Subordinated loan		30,000	-
Net cash flows from financing activities		28,401	-
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(25,248)	9,895
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		60,442	50,547
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	12	35,194	60,442

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

NOTES TO THE FINANCIAL STATEMENTS
- 31 March 2011

1 PRINCIPAL ACTIVITIES 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 this activity during the financial year.

The immediate holding company is Uni.Asia Capital Sdn. Bhd. The Directors regard DRB-HICOM Berhad and Etika Strategi Sdn. Bhd. as the penultimate holding company and ultimate holding company of the Company respectively. Both companies are incorporated in Malaysia.

The financial statements were authorised for issue by the Board of Directors on 22 June 2011.

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 in accordance with Financial Reporting Standards ("FRS") in Malaysia, being the MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities and the provisions of the Companies Act, 1965 and the Insurance Act 1996, in all material aspects.

The financial statements of the Company have been prepared on the historical cost basis except for financial instruments that have been stated at their fair values and the estimation of insurance liabilities in accordance with the valuation methods specified in Part D of the RBC Framework.

The preparation of financial statements in conformity with FRS requires the use of 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 reported 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.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have a significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

Note 2 (k) - Claims and premium liabilities

NOTES TO THE FINANCIAL STATEMENTS
- 31 March 2011 (continued)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Changes to Financial Reporting Standards

The standards, amendments to published standards and interpretation to existing standards that are relevant to the Company and effective for the financial year ended 31 March 2011 include:

- The revised FRS 101 Presentation of Financial Statements
- FRS 139 Financial Instruments: Recognition and Measurement
- The amendments to FRS 132 Financial instruments: Presentation and FRS 101 (revised)
- The amendments to FRS 139 Reclassification of Financial Assets
- Amendment to FRS 2 Share-based Payment: Vesting Conditions and Cancellations
- FRS 4 Insurance contract
- FRS 7 Financial Instruments Disclosure
- IC interpretation 9 Reassessment of Embedded Derivatives

The changes in accounting policies have been made in accordance with the transitional provision in the respective standards. All standards adopted by the Company require retrospective application other than FRS 139 and FRS 7. The effect of adoption of the new standards is described in Note 38.

Standards, amendments to published standards and interpretations to existing standards that are relevant to the Company but not yet effective include:

- Amendments to FRS 2 Share-based Payment: Group cash-settled share-based payment transactions (effective from 1 January 2011)

- Amendments to FRS 7 Financial instruments: Disclosures and FRS 1: First-time Adoption of Financial Reporting Standards (effective from 1 January 2011)

- IC Interpretation 4 Determining whether an arrangement contains a lease (effective from 1 January 2011)

- Improvements to FRS 2 Share-based payments (effective from 1 July 2010)

- Improvements to FRS 5 Non-current assets held for sale and discontinued operations (effective from 1 July 2010)

NOTES TO THE FINANCIAL STATEMENTS
- 31 March 2011 (continued)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Property and Equipment

Property and equipment are initially stated at cost.

Freehold and leasehold buildings are stated at valuation based upon the latest independent valuation on the open market value basis by professional valuers, less subsequent depreciation and impairment loss. 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.

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. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the period in which they are incurred.

Surpluses arising from revaluation of these properties are credited directly to an asset revaluation reserve account via the statement of other comprehensive income. Deficits arising from revaluation of these properties are charged against the asset revaluation reserve account to the extent of a previous surplus held in that account for that same asset. In all other cases, deficits arising from revaluation of these properties are recognised as an expense in the income statement through the statement of other comprehensive income.

All other property and equipment are stated at cost less accumulated depreciation and impairment loss. Cost includes expenditure that is directly attributable to the acquisition of the asset. Freehold land is not depreciated as it has an infinite life. 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:

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

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

At each financial position date, 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 accounting policy Note 2 (g) on impairment of non-financial assets.

Gains and losses on disposals are determined by comparing proceeds with the carrying amounts and are included in the income statement. On disposal of revalued assets, amount in the revaluation reserve relating to the assets are transferred to retained earnings.

NOTES TO THE FINANCIAL STATEMENTS

- 31 March 2011 (continued)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) 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.

Investments 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 out once in every three years or earlier if the carrying values of the investment properties differ materially from the fair values. These valuations are reviewed by an independent valuation expert.

Changes in fair values are recorded in the income statement in the year in which they arise.

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 financial position). The difference between the net disposal proceeds and the carrying amount is recognised in the income statement in the year of the retirement or disposal.

(e) Leases

A lease in which significant risk and rewards are retained by the lessor is classified as operating lease. Payments made under operating lease (less of any incentives received from the lessor) are charged to the income statement on a straight line basis over the period of the lease.

(f) Investment and Other Financial Assets

The Company classifies its investments into the following categories of financial assets: held-to-maturity, loan and other receivables and available-for-sale financial assets. Classification of the financial assets is determined at initial recognition and relates to the purpose for which the financial assets were acquired.

(i) Financial assets held-to-maturity (“HTM”)

HTM securities financial assets are financial assets with fixed or determinable payments and fixed maturity that the Company has the positive intention and ability to hold to maturity. Financial assets HTM are measured at amortised cost using the effective interest method. Any gain or loss is recognised in the income statement when the financial assets are derecognised or impaired.

NOTES TO THE FINANCIAL STATEMENTS

- 31 March 2011 (continued)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Investment and Other Financial Assets (continued)

(i) Securities held-to-maturity ("HTM") (continued)

An allowance of impairment for debt financial assets HTM is established when there is objective impairment that the Company will not be able to collect the amounts due according to the original terms (see Note 2 (g) for the accounting policy on impairment).

(ii) Loan and other receivables ("LAR")

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

(iii) Financial assets available-for-sale ("AFS")

AFS financial assets are non-derivative financial assets that are designated as AFS and are not classified as HTM.

AFS financial assets are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition and are subsequently carried 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 accumulated fair value adjustments previously recognised in equity is transferred through the statement of other comprehensive income to the income statement.

(g) Impairment

(i) Financial assets, excluding insurance receivables

The Company assesses at each financial position date whether there is objective evidence that a financial assets is impaired. An asset security is impaired and impairment losses are 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 security that can be reliably estimated.

NOTES TO THE FINANCIAL STATEMENTS
- 31 March 2011 (continued)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Impairment

(i) Financial assets, excluding insurance receivables

(a) Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on held-to-maturity 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 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 income statement.

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 income statement.

(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 assets. Such impairment losses shall not be reversed.

(c) Loans and receivables

An impairment loss in respect of loan and receivables (excluding insurance receivables) is recognised in the income statement and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account.

(d) Financial assets carried at fair value

In the case of investments classified as AFS, a significant or prolonged decline in the fair value of the security 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 and the current fair value, less any impairment loss on the financial asset previously recognised in income statement is removed from equity through the statement of other comprehensive income to the income statement.

NOTES TO THE FINANCIAL STATEMENTS

- 31 March 2011 (continued)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Impairment (continued)

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

(d) Financial assets carried at fair value (continued)

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

(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. An objective evidence of impairment is deemed to exist where the principal for insurance receivables is past due for more than 90 days or 3 months, as prescribed in the Guidelines on Financial Reporting for Insurers issued by BNM.

Prior to adoption of FRS 4, known bad debts were written off and specific allowances were made for insurance receivables as follows:

(a) motor premiums which remain outstanding for more than 30 days from the date on which they become receivable;

(b) non-motor premiums, including agents or reinsurance balances, which remain outstanding for more than six (6) months from the date on which they become receivables; and

(c) all debts which were considered doubtful.

An impairment loss in respect of insurance receivables is recognised in income statement and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flow's discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

The change in the accounting policy in assessing impairment of insurance receivables did not have any material impact on the financial statements.

(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.

NOTES TO THE FINANCIAL STATEMENTS
- 31 March 2011 (continued)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Impairment (continued)

(iii) Impairment of non-financial assets (continued)

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 purposes 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 income statement immediately. Any subsequent increase in recoverable amount is recognised in the income statement.

(h) Cash and Cash Equivalents

For the purposes of the cash flow statement, cash and cash equivalents consist of cash in hand and bank balances and call deposits which have maturity of less than three months.

(i) 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 the possibility having to pay benefits on occurrence of an insured event that are more than the benefits paid 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.

(j) 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 insurer'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.

NOTES TO THE FINANCIAL STATEMENTS
- 31 March 2011 (continued)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Reinsurance (continued)

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 amounts 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 income statement.

Gain or losses on buying reinsurance are recognised in the income statement 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 contract that do not transfer significant insurance risk are accounted 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.

(k) General Insurance Underwriting Results

The general insurance underwriting results are determined for each class of business after taking into account reinsurances, 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 financial position date are accrued at that date.

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.

NOTES TO THE FINANCIAL STATEMENTS
- 31 March 2011 (continued)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) General Insurance Underwriting Results (continued)

<u>Insurance Contract Liabilities</u>

These liabilities comprise premiums 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.

UPR represents 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.

In determining the UPR at the financial position date, 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) $1/24^{th}$ 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) $1/8^{th}$ 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.

NOTES TO THE FINANCIAL STATEMENTS
- 31 March 2011 (continued)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) General Insurance Underwriting Results (continued)

Insurance Contract Liabilities (continued)

(ii) Claims liabilities

Outstanding claims provision are based on the estimated ultimate cost of all claims incurred but not settled at the end of the reporting period, 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 end of the reporting period. The liability is calculated at the reporting date by and independent actuarial firm using projection techniques as set out below, that included a regulatory risk margin for adverse deviation. The liability is not discounted for the time value of money. No provision for equalisation or catastrophe reserves is recognised. The liabilities are derecognised when the contract expires, is discharged or is cancelled.

Acquisition Costs and Deferred Acquisition Costs (DAC)

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.

Those costs are deferred to the extent that these costs are recoverable out of future premiums. All other acquisition costs are recognised as an expense when incurred.

Subsequent to initial recognition, these costs are amortised/ allocated to the periods according to the original policies which give rise to income. Amortisation is recognised in income statement.

An impairment review is performed at each reporting date of more frequently when and indication of impairment arises. When the recoverable amount is less than the carrying value, an impairment loss is recognised in income statement. DAC are also considered in the liability adequacy test for each financial reporting period.

DAC are derecognised when the related contracts are either settled or disposed of.

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 URR valuation, the level of confidence is set at 75% at an overall Company level.

NOTES TO THE FINANCIAL STATEMENTS
- 31 March 2011 (continued)

(k) General Insurance Underwriting Results (continued)

Liability Adequacy Test on Insurance Contract Liabilities (continued)

At each financial position date, 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 income statement initially by writing off DAC and by subsequently establishing a provision for liability adequacy.

(l) Other Revenue Recognition

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

Interest income on loans is recognised on an accrual basis except for a loan which is considered non-performing, i.e. where repayments are in arrears for more than six months, in which case recognition of such interest is suspended. Subsequent to suspension, interest is recognised on the receipt basis until all arrears have been paid.

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.

Rental income is recognised on an accrual basis except where default in payment of rent has already occurred and rent due remains outstanding for more than six months, 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.

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

(m) Income Taxes

Income tax on the income statement for the financial year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit and surplus for the financial year and is measured using the tax rates that have been enacted at the financial position date.

Deferred tax is provided for, using the liability method. 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 profit 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

NOTES TO THE FINANCIAL STATEMENTS
- 31 March 2011 (continued)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Income Taxes (continued)

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 financial position date.

Deferred tax is recognised as income or an expense and included in the income statement for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity.

(n) Foreign Currencies

The financial statements are presented in Ringgit Malaysia which is also the functional currency of the Company.

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange ruling at the financial position date. All differences are taken to the income statement.

Non-monetary items that are measured in terms of historical cost in foreign currency are not subsequently restated. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. All foreign exchange differences are taken to the income statement, except for differences relating to items where gains or losses are recognised directly in equity, in which case, the gain or loss is recognised net of the exchange component in equity.

(o) Employee Benefits

(i) Short term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Company.

(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.

The Company's contributions to the defined contribution plan are charged to the income statement in the period to which they relate. Once the contributions have been paid, the Company has no further payment obligation.

NOTES TO THE FINANCIAL STATEMENTS
- 31 March 2011 (continued)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Employee Benefits (continued)

(iii) Defined benefits plan

The Company operates an unfunded defined benefits scheme. Provision for retirement benefit is made in the financial statements on the recommendation of Company's actuary. The retirement benefit cost is assessed using the projected unit credit method. Under this method the cost of providing retirement benefits is charged to the income statement so as to spread the regular asset cost over the service lives of employees, based on an actuarial valuation.

(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.

(p) Share Capital

(i) Classification

Ordinary shares are classified as equity.

(ii) Dividends to shareholders of the Company

Dividends on ordinary shares are recognised as liabilities when declared before the balance sheet date. A dividend proposed after the financial position date, but before the financial statements are authorised for issue, is not recognised as a liability at the financial position date. Upon the dividend becoming payable, it will be accounted for as a liability.

(q) Contingent Liabilities and Contingent Assets

The Company does not recognise a contingent liability but disclosed 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.

NOTES TO THE FINANCIAL STATEMENTS

- 31 March 2011 (continued)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Provisions

Provisions are recognised when the Company has a present obligation 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 financial position date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

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.

3.1 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

For general insurance contracts, estimates have to be made for both the expected ultimate cost of claims reported at the financial position date 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 the statement of financial position liability. 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 Bornheutter–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.

NOTES TO THE FINANCIAL STATEMENTS

- 31 March 2011 (continued)

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

3.1 Critical Accounting Estimates and Assumptions (continued)

Valuation of General Insurance Contract Liabilities (continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS - 31 March 2011 (continued)

4 PROPERTY AND EQUIPMENT

	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 2010	2,627	10,588	2,667	38,049	1,086	1,897	703	1,594	1,060	60,271
Additions at cost	-	168	-	1,288	292	61	88	99	1,048	3,044
Revaluation surplus	9	(38)	96	12	-	-	-	-	-	79
Reversal of impairment loss previously charged to income statement	-	-	-	13	-	-	-	-	-	13
Disposals at net book value	(95)	-	(35)	-	(63)	-	(2)	-	-	(195)
Write off at net book value	-	-	-	-	-	(2)	-	-	(1)	(3)
Depreciation charge for the financial year	-	-	(92)	(996)	(65)	(178)	(150)	(465)	(538)	(2,484)
Net book value at 31 March 2011	2,541	10,718	2,636	38,366	1,250	1,778	639	1,228	1,569	60,725

At 31 March 2011:

	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
Cost	-	-	-	-	1,982	3,678	3,732	9,467	14,333	33,192
Valuation	2,541	10,718	2,644	38,452	-	-	-	-	-	54,355
Accumulated depreciation	-	-	(8)	(86)	(732)	(1,900)	(3,093)	(8,239)	(12,764)	(26,822)
Net book value	2,541	10,718	2,636	38,366	1,250	1,778	639	1,228	1,569	60,725

4 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 2009	2,531	7,954	2,735	31,483	970	2,075	794	2,370	1,309	52,221
Additions at cost	-	-	-	-	328	10	89	-	381	808
Disposals at net book value	-	-	-	-	(94)	(2)	(2)	-	(1)	(99)
Write off at net book value	-	-	-	-	-	(6)	(6)	(46)	-	(58)
Depreciation charge for the financial year	-	(80)	(93)	(850)	(118)	(180)	(172)	(730)	(629)	(2,852)
Revaluation surplus	96	2,714	22	7,354	-	-	-	-		10,186
Reversal of impairment loss previously charged to income statement	-	-	3	62	-	-	-	-	-	65
Net book value at 31 March 2010	2,627	10,588	2,667	38,049	1,086	1,897	703	1,594	1,060	60,271

At 31 March 2010

	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
Cost	-	-	-	-	1,793	3,628	3,661	9,367	16,708	35,157
Valuation	2,627	10,588	2,675	38,287	-	-	-	-	-	54,177
Accumulated depreciation	-	-	(8)	(238)	(707)	(1,731)	(2,958)	(7,773)	(15,648)	(29,063)
Net book value	2,627	10,588	2,667	38,049	1,086	1,897	703	1,594	1,060	60,271

NOTES TO THE FINANCIAL STATEMENTS - 31 March 2011 (continued)

4 PROPERTY AND EQUIPMENT

	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 2008	2,531	6,557	2,827	32,286	1,072	2,215	950	3,152	1,858	53,448
Additions at cost	-	-	-	-	50	48	31	58	420	607
Disposals at net book value	-	-	-	-	(46)	-	-	-	(2)	(48)
Write off at net book value	-	-	-	-	-	(7)	(1)	-	(1)	(9)
Depreciation charge for the financial year	-	-	(92)	(803)	(106)	(181)	(186)	(840)	(966)	(3,174)
Revaluation surplus	-	1,397	-	-	-	-	-	-	-	1,397
Net book value at 31 March 2009	2,531	7,954	2,735	31,483	970	2,075	794	2,370	1,309	52,221

At 31 March 2009

	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
Cost	-	-	-	-	1,659	3,633	3,615	9,457	16,425	34,789
Valuation	2,531	7,954	2,827	32,286	-	-	-	-	-	45,598
Accumulated depreciation	-	-	(92)	(803)	(689)	(1,558)	(2,821)	(7,087)	(15,116)	(28,166)
Net book value	2,531	7,954	2,735	31,483	970	2,075	794	2,370	1,309	52,221

NOTES TO THE FINANCIAL STATEMENTS
- 31 March 2011 (continued)

4 PROPERTY AND EQUIPMENT (CONTINUED)

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

Had the freehold and long term leasehold 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 year are as follows:

	31.3.2011 RM'000	31.3.2010 RM'000
Freehold land and buildings	2,382	2,618
Long term leasehold land and buildings	30,073	30,854
	32,455	33,472

The long term leasehold buildings have unexpired lease periods ranging from 68 years to 884 years (2010: 69 years to 885).

The titles to certain long term leasehold land and buildings and freehold land and buildings included in property and equipment at carrying value of RM46,118,959 (2010: RM41,878,047) and RM1,296,592 (2010: RM1,296,693) 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.

5 INVESTMENT 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.

NOTES TO THE FINANCIAL STATEMENTS
- 31 March 2011 (continued)

6 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	78,633	55,115
Accrued interest	642	690
	79,275	55,805
Held-to-maturity financial assets	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:

(a) Available-for-sale

	31.3.2011 RM'000	31.3.2010 RM'000
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) Held-to-maturity

	31.3.2011 RM'000	31.3.2010 RM'000
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

NOTES TO THE FINANCIAL STATEMENTS
- 31 March 2011 (continued)

6 INVESTMENTS (CONTINUED)

(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 s held-to-maturity financial assets 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

NOTES TO THE FINANCIAL STATEMENTS
- 31 March 2011 (continued)

7 LOANS AND RECEIVABLES

	31.3.2011 RM'000	31.3.2010 RM'000
Staff loans:		
Staff housing loans (secured)	769	824
Other staff loans (unsecured)	3	8
	772	832
Fixed and call deposits with licensed bank with maturity more than 3 months	332,083	353,472
Accrued interest	1,734	1,349
	333,817	354,821
Other receivables:		
Rent receivable	76	76
Assets held under the Malaysian Motor Insurance Pool	8,727	5,373
Deposits	750	791
Prepayment	403	402
Other receivables	3,217	4,351
	13,173	10,993
Total loans and receivables	347,762	366,646
The following loans and receivables mature after 12 months:	10,584	7,379

The fair value of staff loans approximate the carrying value as at the financial position date. The carrying amounts of the fixed and call deposits approximate their fair value.

NOTES TO THE FINANCIAL STATEMENTS
- 31 March 2011 (continued)

8 DEFERRED TAXATION

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 financial position:

	Note	31.3.2011 RM'000	31.3.2010 RM'000
Deferred tax liability		(1,655)	-
At 1 April			
As previously stated		-	3,452
Change in accounting policies	38	-	(157)
As restated		-	3,295
(Charged)/credited to income statements (Note 29):			
- property and equipment		(176)	(199)
- investment properties		(156)	(1,531)
- available-for-sale financial assets		(36)	(3,454)
- retirement benefits		(30)	(31)
- payables		287	777
- premium liabilities		22	(28)
- tax losses		(1,623)	1,623
		(1,712)	(2,843)
Credited/(charged) to equity			
- Available-for-sale financial asset		57	(2,343)
- Property and equipment		-	1,891
		57	(452)
At 31 March		(1,655)	-

NOTES TO THE FINANCIAL STATEMENTS
- 31 March 2011 (continued)

8 DEFERRED TAX (CONTINUED)

	31.3.2011 RM'000	31.3.2010 RM'000
Subject to Income Tax:		
Deferred Tax Assets (before Offsetting)		
Receivables	4	4
Retirement benefits	267	297
Payables	1,298	1,011
Premium liabilities	31	8
Tax losses	-	1,623
	1,600	2,943
Offsetting	(1,600)	(2,943)
Deferred tax asset (after offsetting)	-	-
Deferred Tax Liabilities (before Offsetting)		
Property and equipment		
- credited to income statement	1,099	923
Investment properties	1,883	1,727
Held-to-maturity financial assets	671	671
Available-for-sale financial assets		
- credited to income statement	(410)	(448)
- charged to equity	12	70
	3,255	2,943
Offsetting	(1,600)	(2,943)
Deferred tax liabilities (after offsetting)	1,655	-

NOTES TO THE FINANCIAL STATEMENTS
- 31 March 2011 (continued)

9 REINSURANCE ASSETS

	31.3.2011 RM'000	31.3.2010 RM'000	1.4.2009 RM'000
Reinsurance of insurance contracts			
Claims liabilities	171,070	98,851	106,554
Premium liabilities	99,220	32,950	36,126
	270,290	131,801	142,680

10 INSURANCE RECEIVABLES

	31.3.2011 RM'000	31.3.2010 RM'000
Due premiums including agents, brokers and co-insurers balances	33,812	33,021
Due from reinsurers and cedants	24,643	24,948
	58,455	57,969
Less: Impairment allowance	(6,325)	(6,670)
	52,130	51,299
Knock-for-knock claims recoveries due from other insurers	1,000	927
Less: Impairment allowance	(61)	(116)
	939	811
	53,069	52,110

11 DEFERRED ACQUISITION COSTS

	31.3.2011 RM'000	31.3.2010 RM'000	1.4.2009 RM'000
Deferred acquisition costs:			
At 1 April	19,083	21,097	17,687
Movement during the financial year (Note 26)	(390)	(2,014)	3,410
At 31 March	18,693	19,083	21,097

NOTES TO THE FINANCIAL STATEMENTS
- 31 March 2011 (continued)

11 DEFERRED ACQUISITION COSTS (CONTINUED)

	31.3.2011 RM'000	31.3.2010 RM'000	1.4.2009 RM'000
Deferred acquisition costs-reinsurance:			
At 1 April	(2,655)	(3,822)	(2,858)
Movement during the financial year (Note 26)	(5,077)	1,167	(964)
At 31 March	(7,732)	(2,655)	(3,822)

12 CASH AND CASH EQUIVALENTS

	31.3.2011 RM'000	31.3.2010 RM'000	1.4.2009 RM'000
Cash and bank balances	9,573	3,001	1,164
Call deposits with licensed bank	25,604	57,383	49,345
Accrued interest	17	58	38
	35,194	60,442	50,547

The carrying amounts approximate their fair values due to the relatively short-term nature of these financial instruments.

13 SHARE CAPITAL

	31.3.2011		31.3.2010	
	Amount RM'000	Number of shares '000	Amount RM'000	Number of shares '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

NOTES TO THE FINANCIAL STATEMENTS
- 31 March 2011 (continued)

14 RESERVES

	31.3.2011 RM'000	31.3.2010 RM'000
Non-distributable		
Asset revaluation reserve	19,380	19,310
Available-for-sale reserve	35	208
	19,415	19,518

Fair gains or losses arising from available-for-sale financial assets are accumulated as available-for-sale reserve until they are realised.

15 RETAINED EARNINGS

	31.3.2011 RM'000	31.3.2010 RM'000
Distributable		
Retained earnings	130,075	93,853

Presently, Malaysian companies adopt the full imputation system. In accordance with the Finance Act, 2007, which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders ("single-tier system"). However, there is a transitional period of six years expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard their accumulated tax credit under Section 108 of the Income Tax Act, 1967 ("Section 108 balance") and opt to pay dividends under the single-tier system. The change in the tax legislation also provides for the Section 108 balance to be locked in as at 31 December 2007 in accordance with Section 39 of the Finance Act, 1967.

The Company has sufficient Section 108 balance and balance in the tax-exempt account to frank the payment of dividends out of its entire retained earnings as at 31 March 2011.

NOTES TO THE FINANCIAL STATEMENTS - 31 March 2011 (continued)

16 INSURANCE CONTRACT LIABILITIES

	31.3.2011			31.3.2010			1.4.2009		
	Gross	Re-insurance	Net	Gross	Re-insurance	Net	Gross	Re-insurance	Net
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	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:

	31.3.2011			31.3.2010			1.4.2009		
	Gross	Re-insurance	Net	Gross	Re-insurance	Net	Gross	Re-insurance	Net
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
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
Premiums 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

16 INSURANCE CONTRACT LIABILITIES (CONTINUED)

(i) Claims Liabilities

	31.3.2011			31.3.2010		
	Gross	Re-insurance	Net	Gross	Re-insurance	Net
	RM'000	RM'000	RM'000	RM'000	RM'000	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 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

NOTES TO THE FINANCIAL STATEMENTS - 31 March 2011 (continued)

16 INSURANCE CONTRACT LIABILITIES (CONTINUED)

(i) Claims Liabilities by Class of Business

	31.3.2011			31.3.2010		
	Motor	Non-motor	Net	Motor	Non-motor	Net
	RM'000	RM'000	RM'000	RM'000	RM'000	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	Re-insurance	Net	Gross	Re-insurance	Net
	RM'000	RM'000	RM'000	RM'000	RM'000	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

NOTES TO THE FINANCIAL STATEMENTS
- 31 March 2011 (continued)

17 SUBORDINATED LOAN

	31.3.2011 RM'000	31.3.2010 RM'000
Unsecured subordinated loan:		
Payable after twelve months	30,000	-

During the financial year, the Company has obtained from its shareholders a subordinated loan amounting to RM30 million to improve the Company's CAR ratio.

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

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

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

The Company recognised a financial cost of RM2,036,000 (2010: nil) during current financial year.

18. OTHER FINANCIAL LIABILITIES

	31.3.2011 RM'000	31.3.2010 RM'000
Deposit premiums	46,659	182

19 INSURANCE PAYABLES

	31.3.2011 RM'000	31.3.2010 RM'000
Due to insureds, agents, brokers and co-insurers	22,193	29,412
Due to reinsurers and cedants	25,167	23,145
	47,360	52,557

NOTES TO THE FINANCIAL STATEMENTS
- 31 March 2011 (continued)

20 OTHER PAYABLES

	31.3.2011 RM'000	31.3.2010 RM'000
Amount due to a shareholder	61	61
Payroll liabilities	3,742	2,987
Defined contribution plan	290	362
Unclaimed monies	1,485	763
Cash collaterals held on bond business	641	638
Duties and other taxes payable	767	74
Accrual of Insurance Guarantee Scheme Fund Levy	1,011	973
Other payables and accrued liabilities	8,958	7,392
	16,955	13,250

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

21 POST EMPLOYMENT BENEFIT OBLIGATIONS

Defined Contribution Plan:

The Company contributes to the Employees' Provident Fund, the national defined contribution scheme. Additionally, the Company makes accruals 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.

Defined Benefit Plan:

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

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

	31.3.2011 RM'000	31.3.2010 RM'000
At 1 April	827	890
Benefits paid	(394)	(225)
Charged to income statement	208	162
At 31 March	641	827
Payable within 12 months	94	186
Payable after 12 months	547	641
	641	827

NOTES TO THE FINANCIAL STATEMENTS
- 31 March 2011 (continued)

21 POST EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)

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

	31.3.2011 RM'000	31.3.2010 RM'000
Present value of unfunded obligations	641	827

The expense recognised in the income statement/revenue account may be analysed as follows:		
Current service cost	(186)	(63)

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

	2011 %	2010 %
Discount rate	7	7
Expected rate of salary increase	8	8

On 1 April 2004, the Company discontinued the operations of its unfunded defined benefit plan for all of its employees except for a few who opted for the amount due to them as at 31 March 2004 to be paid upon their retirement.

22 OPERATING REVENUE

	31.3.2011 RM'000	31.3.2010 RM'000
Gross earned premiums	410,081	403,693
Investment income (Note 23)	22,025	21,573
	432,106	425,266

NOTES TO THE FINANCIAL STATEMENTS
- 31 March 2011 (continued)

23 INVESTMENT INCOME

	31.3.2011 RM'000	31.3.2010 RM'000
Available-for-sale financial assets		
Dividend/ interest income		
- Corporate debts securities	1,531	7,703
- Corporate investment scheme	830	929
- Equity securities unquoted in Malaysia	-	348
- Malaysian Government Securities	-	89
- Amortisation of premiums, net of accretion of discounts	(375)	(161)
Held-to-maturity financial assets		
Interest/ profit income		
- Corporate debts securities	8,100	3,565
- Amortisation of premiums, net of accretion of discounts	(259)	(74)
Loans and receivables, and cash and cash equivalents interest/ profit income	11,082	8,184
Rental income from investment properties	2,143	2,084
Less: Rates and maintenance expenses	(1,027)	(1,094)
	22,025	21,573

24 REALISED GAINS AND LOSSES

Realised gain/ (loss) for:		
Property and equipment	5	(25)
Foreign exchange translation	(23)	(25)
Available-for-sale financial assets		
- Quoted in Malaysia	49	4,533
	31	4,483

25 FAIR VALUE GAINS AND LOSSES

Fair value gain in investment properties	624	5,884
Reversal of impairment charge on available-for-sale financial assets	-	2,684
Reversal of impairment loss on self occupied properties	13	65
	637	8,633

NOTES TO THE FINANCIAL STATEMENTS
- 31 March 2011 (continued)

26 COMMISSION INCOME/ EXPENSE

	31.3.2011 RM'000	31.3.2010 RM'000
Commission Income:		
Commission income	43,998	10,623
Movement in deferred acquisition costs (Note 11)	(5,077)	1,167
	38,921	11,790
Commission Expense:		
Commission expense	(44,826)	(42,578)
Movement in deferred acquisition costs (Note 11)	(390)	(2,014)
	(45,216)	(44,592)

27 OTHER INCOME

	31.3.2011 RM'000	31.3.2010 RM'000
Gross servicing fees	15,476	12,700
Less: Management expenses	(3,374)	-
	12,102	12,700
Interest on deposit retained	(1,167)	-
Property and equipment written off	(3)	(58)
Others	(264)	108
	10,668	12,750

NOTES TO THE FINANCIAL STATEMENTS
- 31 March 2011 (continued)

28 MANAGEMENT EXPENSES

	31.3.2011 RM'000	31.3.2010 RM'000
Staff costs:		
Salaries and bonus	27,758	28,289
Defined contribution scheme	3,984	4,056
Others	2,253	2,451
	33,995	34,796
Advertising	2,154	2,124
Auditors' remuneration	232	248
Depreciation of property, plant and equipment	2,484	2,852
EDP expenses	2,682	2,405
Insurance and Guarantee Scheme Fund Levy	544	815
Postage and telephone	1,712	1,509
Printing and stationery	1,850	1,767
Rental of properties	1,080	1,044
Training	1,045	538
Write-back of allowance for impairment for doubtful debts	(401)	(537)
Others	10,480	9,377
	23,862	22,142
Total management expenses	57,857	56,938

Included in staff costs are emoluments received by Directors of the Company during the financial year:

Non-Executive Directors:		
- fees	402	369
- other emoluments	119	177
Total Directors remuneration	522	546

The number of executive and non-executive directors whose total remuneration received during the financial year falls within the following bands is:

	31.3.2011	31.3.2010
Non-executive directors:		
Less than RM50,000	-	2
RM 50,001 – RM100,000	8	7

The remuneration, including benefits-in-kind, attributable to the CEO of the Company during the financial year amounted to RM685,083 (2010: RM264,148).

NOTES TO THE FINANCIAL STATEMENTS
- 31 March 2011 (continued)

29 TAX EXPENSES

	31.3.2011 RM'000	31.3.2010 RM'000
Current Tax		
Current year	2,340	-
Deferred tax (Note 8)	1,713	2,843
Tax expense	4,053	2,843

The explanation of the relationship between taxation and profit/(loss) before taxation is as follows:

	31.3.2011 RM'000	31.3.2010 RM'000
Profit/(loss) before tax	40,266	(24,269)
Tax calculated at the statutory rate of 25% (2010: 25%)	10,066	(6,067)
Tax effects of:		
- effect of lower tax rates for business outside Malaysia	(81)	-
- expenses not deductible	1,690	1,492
- current financial year tax loss not recognised	-	7,496
- income not subject to tax	(347)	(78)
- utilisation of previous year's tax loss not recognised	(8,711)	-
- utilisation of unabsorbed capital allowances	(187)	-
- reversal of deferred tax assets recognised in prior year	1,623	-
	4,053	2,843

NOTES TO THE FINANCIAL STATEMENTS
- 31 March 2011 (continued)

30 EARNINGS/(LOSS) PER SHARE

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

	31.3.2011 RM'000	31.3.2010 RM'000
Profit/(loss) attributable to ordinary equity holders	36,213	(27,112)
Weighted average number of shares in issue	100,000	100,000
Basic earning/(loss) per share (sen)	36.21	(27.11)

Diluted earnings/(loss) per share are not presented as there were no dilutive potential ordinary shares as at the financial position date.

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

31 DIVIDENDS

The Directors recommend the payment of first and final gross dividend of ten (10) sen per share less income tax of twenty-five percent amounting to RM7,500,000 in respect of financial year ended 31 March 2011, which is subject for approval of the members at the forthcoming Annual General Meeting of the Company.

32 CAPITAL COMMITMENT AND CONTINGENT LIABILITIES

	31.3.2011 RM'000	31.3.2010 RM'000
Contingent liabilities	667	834

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.

NOTES TO THE FINANCIAL STATEMENTS
- 31 March 2011 (continued)

33 SIGNIFICANT RELATED PARTY DISCLOSURES

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 undertakes various transactions with other companies deemed related parties by virtue of them being members of DRB-HICOM Berhad group of companies ("DRB-HICOM Group") and other related parties on agreed terms and conditions.

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

Significant Related Party Balances

The significant related party balances at the statement of financial position date are set out below.

	Note	31.3.2011 RM'000	31.3.2010 RM'000
Fixed and Call Deposits	7		
Fixed deposit in related company, United Overseas Bank Berhad		17,300	12,600
Fixed deposit in related affiliated company, Bank Muamalat Malaysia Berhad		14,000	41,000
Receivables	10		
Due premiums from related companies, DRB-HICOM Group		1,611	1,332
Due premiums from related company, United Overseas Bank Berhad		375	-
Other receivable due from immediate holding company		8	10
Accrued interest in related affiliated company, Bank Muamalat Malaysia Berhad		60	43
Accrued interest in related company, United Overseas Bank Berhad		73	29
Subordinated Loan	17		
Due to related companies, DRB-HICOM Group		23,082	-
Due to shareholders		6,918	-
Claims Liabilities	16		
Due to related companies, DRB-HICOM Group		7,849	6,854

NOTES TO THE FINANCIAL STATEMENTS
- 31 March 2011 (continued)

33 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

Significant Related Party Balances (continued)

	Note	31.3.2011 RM'000	31.3.2010 RM'000
Payables	19		
Due to related companies, DRB-HICOM Group		639	-
Due to related company, United Overseas Bank Bhd		25	-
Due to shareholders of the Company		100	-
Due to related companies, by virtue of their relationship with a shareholder of DRB-HICOM Berhad		-	41

Significant Related Party Transactions

The significant related party transactions are set out below:

	Note	31.3.2011 RM'000	31.3.2010 RM'000
Transactions with related companies, DRB-HICOM Group:			
- Gross premiums received/receivable		(13,819)	(13,497)
- Claims paid		3,323	3,338
- Building maintenance charges		1,387	1,372
- Car maintenance		3	7
- Finance cost		1,565	-
Transactions with related company, United Overseas Bank Berhad			
- Commissions paid		545	619
- Interest income		(627)	(445)
Transactions with related affiliated company, Bank Muamalat Malaysia Berhad			
- Interest income		(879)	(392)
Transactions with related companies, by virtue of their relationship with a shareholder of DRB-HICOM Berhad:			
- Gross premium received/receivable		(2,546)	(2,067)
- Claims paid		681	228
Transaction with shareholders			
- Finance cost		471	-
Key management personnel compensation			
Salaries and other short-term employee benefits			
- Chief Executive Officer/ Chief Financial Officer		1,024	756
- Directors	28	522	546

NOTES TO THE FINANCIAL STATEMENTS
- 31 March 2011 (continued)

34 RISK MANAGEMENT FRAMEWORK

The Company is committed to its objectives of growth and increasing shareholder value. Towards achieving its objectives, the Company will face risks to its business strategies and operations and risks associated with its people, assets and reputation. The effective management of the entire spectrum of these risks is the purpose of this policy.

The Company's policy is to adopt an Enterprise Risk Management Framework which creates an instinctive and consistent consideration of risk and reward in day-to-day planning, execution and monitoring of the strategy and the achievement of its corporate goals.

The Risk Management policy is supported by the following underlying principles:

- Full and due consideration to the balance of risk and rewards (is an essential element of the Company's business strategy).
- Each Division/ Department/ Branch is expressly responsible for managing the risks associated with its business objectives.
- All material risks are to be identified, analysed, treated, monitored and reported.
- All Divisions/ Departments/ Branches are to adhere to the risk management practices and control standards.
- Risk Management is to be embedded within the organisation's strategic planning process, performance measurement system and day-to-day operations.
- Risk Management action must be tailored to the particular business circumstances.
- Management are to regularly assess compliance with policies and practices and the state of risk management and control.
- A set of performance indicators and communication techniques will apply throughout the Company to ensure accountability and to monitor and measure outcomes and exceptions at the appropriate levels of the Company.

Responsibilities

The adoption of the policy and framework is the responsibility of the Board of Directors. Its implementation which includes the strategy, culture, people, processes and technology is delegated to the CEO.

The Board is supported in its role by a Risk Management Committee of the Board ("RMC-B"), comprising of a minimum of 3 non-executive directors. 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 CEO is supported in his role by the Enterprise-Wide Opportunity and Risk Management Committee of the Management ("EORM-M"), comprising of the CEO and heads from all Divisions. The EORM-M will assist the CEO 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 and control monitoring and analysis and review their divisions/ departments/ regions and branches.

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

NOTES TO THE FINANCIAL STATEMENTS
- 31 March 2011 (continued)

34 RISK MANAGEMENT FRAMEWORK (CONTINUED)

Review of Policy

This Policy, the underlying procedures and guidelines are reviewed annually by the Board of Directors through the RMC-B to ensure its continued application and relevance.

The effectiveness of the implementation of this policy is subjected to periodic independent review to provide feedback to the Board of Directors through RMC-B.

Capital Management Plan

Pursuant to the RBC Framework for Insurers issued by BNM, the Board had approved and adopted a Capital Management Plan (CMP) for the Company in line with the requirements set out in the RBC Framework with effect from 1 January 2009. The objective of the CMP is to optimise the efficiency and effective use of resources in order to maximise the return on equity and provide an appropriate level of capital to protect the policyholders taking into account events that are impacted directly or indirectly on the operations and financial resilience of the Company whilst complying with rules and regulations issued by the relevant authorities.

The management of capital is guided by the CMP which is driven by the Company's business strategies and organisational requisites which take into account the business and regulatory environment in which the Company operates. In this respect, the Company sets capital targets for both Tier 1 and Tier 2 (see Note 37) as defined under the RBC Framework that is above the minimum regulatory requirements.

The management committee responsible for the oversight of the Company's capital management is the RMC. All proposals on any deviation from capital targets or capital raising exercise must be addressed to and approved by the RMC prior to recommendation to the Board for approval and implementation.

Stress Testing

The CMP also includes a Stress Policy which requires a stress test be conducted twice a year to systematically evaluate the extent by which the Company's capital could withstand market shocks and by which capital will be eroded by the principal risks identified due to exceptional but adverse plausible events and to determine the impact on the performance and financial conditions.

The stress tests results together with the countermeasures are tabled to the RMC for deliberation and recommendation to the Board for approval prior to the submission to BNM.

NOTES TO THE FINANCIAL STATEMENTS
- 31 March 2011 (continued)

35 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 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.

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 the 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.

- Authority to individual underwriters is based on their specific areas of expertise.

- The Company has put 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. Investigation of suspected fraudulent claims is 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.

NOTES TO THE FINANCIAL STATEMENTS
- 31 March 2011 (continued)

35 INSURANCE RISK (CONTINUED)

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

	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
Motor	297,555	(149,142)	148,413	303,547	(17,097)	286,450
Fire	50,015	(24,471)	25,544	48,191	(25,601)	22,590
Marine, Aviation and Transit	8,155	(5,790)	2,365	8,422	(5,912)	2,510
Miscellaneous	57,077	(25,952)	31,125	37,002	(13,753)	23,249
	412,802	(205,355)	207,447	397,162	(62,363)	334,799

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

	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
Motor	501,984	(184,654)	317,330	498,482	(63,118)	435,364
Fire	53,922	(32,549)	21,373	49,759	(30,038)	19,721
Marine, Aviation and Transit	24,874	(20,146)	4,728	27,905	(24,229)	3,676
Miscellaneous	76,561	(32,941)	43,620	49,723	(14,416)	35,307
	657,341	(270,290)	387,051	625,869	(131,801)	494,068

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 provisions for unexpired risks and insurance claims at a minimum 75% of sufficiency, according to the requirement set by BNM under the RBC Framework.

NOTES TO THE FINANCIAL STATEMENTS
- 31 March 2011 (continued)

35 INSURANCE RISK (CONTINUED)

Sensitivities

The risk 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 of reserves for unexpired risks, whilst claims liabilities comprise of 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 procedure.

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.

The IELRs are an important assumption in the BF estimation techniques. Increasing the IELRs by 10% yields the following impact:

	Change in assumptions	Impact on gross liabilities	Impact on net liabilities RM'000	Impact on profit before tax RM'000	Impact on equity* RM'000
31 March 2011					
Initial Expected Loss Ratios	+10%	9,809	6,111	(6,111)	(4,583)
31 March 2010					
Initial Expected Loss Ratios	+10%	8,934	5,880	(5,880)	(4,410)

* 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 period.

NOTES TO THE FINANCIAL STATEMENTS
- 31 March 2011 (continued)

35 INSURANCE RISK (CONTINUED)

Claims Development Table

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 31 March 2011 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.

35 INSURANCE RISK (CONTINUED)

Gross General Insurance Contract Claims Liabilities for 2011:
Motor

Accident year	2004 RM'000	2005 RM'000	2006 RM'000	2007 RM'000	2008 RM'000	2009 RM'000	2010 RM'000	2011 RM'000	Total RM'000
At end of accident year	166,180	156,581	157,359	150,526	147,913	168,608	194,102	182,953	
One year later	159,319	155,782	161,284	164,980	166,700	206,920	221,067		
Two years later	160,813	155,836	167,004	171,121	185,532	215,856			
Three years later	161,795	157,559	171,225	185,713	188,403				
Four years later	166,181	161,931	180,434	188,882					
Five years later	167,153	167,605	181,519						
Six years later	170,692	169,347							
Seven years later	171,980								
Current estimate of cumulative claims incurred	171,980	169,347	181,519	188,882	188,403	215,856	221,067	182,953	1,520,007
At end of accident year	79,019	81,753	83,817	83,438	81,545	87,559	81,559	83,477	
One year later	132,626	131,259	139,478	141,907	144,501	163,234	169,655		
Two years later	141,591	138,780	150,154	152,318	160,606	189,333			
Three years later	148,578	145,734	159,270	168,290	175,858				
Four years later	155,272	152,095	169,577	181,842					
Five years later	160,759	159,839	176,290						
Six years later	165,031	165,951							
Seven years later	167,286								
Cumulative payment to-date	167,286	165,951	176,290	181,842	175,858	189,333	169,655	83,477	1,309,692

NOTES TO THE FINANCIAL STATEMENTS - 31 March 2011 (continued)

35 INSURANCE RISK (CONTINUED)

Gross General Insurance Contract Claims Liabilities for 2011 (continued):
<u>Motor</u>

Accident year	Before 2004 RM'000	2004 RM'000	2005 RM'000	2006 RM'000	2007 RM'000	2008 RM'000	2009 RM'000	2010 RM'000	2011 RM'000	Total RM'000
Gross general insurance outstanding liabilities (direct and facultative)	11,707	4,694	3,396	5,229	7,040	12,545	26,523	51,412	99,476	222,022
Gross IBNR	-	-	713	1,569	3,379	6,782	10,591	13,841	45,412	82,287
Gross general insurance outstanding liabilities (treaty inwards)										6,988
Best estimates of claims liabilities										311,297
Claims handling expenses										9,890
PRAD at 75% confidence level										17,575
Gross general insurance contract claims liabilities per statement of financial position										338,762

35 INSURANCE RISK (CONTINUED)

Gross General Insurance Contract Claims Liabilities for 2011 (continued):
Non-motor

Accident year	2004 RM'000	2005 RM'000	2006 RM'000	2007 RM'000	2008 RM'000	2009 RM'000	2010 RM'000	2011 RM'000	Total RM'000
At end of accident year	22,341	76,116	41,115	25,758	22,146	54,951	33,246	48,968	
One year later	24,393	50,864	53,070	30,863	31,609	66,561	39,811		
Two years later	23,290	44,880	53,316	30,186	27,030	57,084			
Three years later	22,940	41,900	48,580	29,622	25,946				
Four years later	22,239	39,982	48,730	30,057					
Five years later	22,071	39,972	48,350						
Six years later	23,024	40,157							
Seven years later	22,880								
Current estimate of cumulative claims incurred	22,880	40,157	48,350	30,057	25,946	57,084	39,811	48,968	313,253
At end of accident year	6,738	12,735	10,051	13,834	10,962	8,563	7,812	16,798	
One year later	18,476	32,641	29,653	23,759	21,876	35,280	22,660		
Two years later	20,516	34,931	34,060	27,152	23,427	41,136			
Three years later	20,905	37,132	34,950	28,470	23,748				
Four years later	21,063	37,229	35,421	28,673					
Five years later	21,169	37,488	35,617						
Six years later	21,195	37,541							
Seven years later	21,386								
Cumulative payment to-date	21,386	37,541	35,617	28,673	23,748	41,136	22,660	16,798	227,559

NOTES TO THE FINANCIAL STATEMENTS - 31 March 2011 (continued)

35 INSURANCE RISK (CONTINUED)

Gross General Insurance Contract Claims Liabilities for 2011: (continued)
Non-motor

Accident year	Before 2004 RM'000	2004 RM'000	2005 RM'000	2006 RM'000	2007 RM'000	2008 RM'000	2009 RM'000	2010 RM'000	2011 RM'000	Total RM'000
Gross general insurance outstanding liabilities (direct and facultative)	3,076	1,494	2,616	12,733	1,384	2,198	15,948	17,151	32,170	88,770
Gross IBNR	-	-	-	-	-	-	-	-	10,063	10,063
Gross general insurance outstanding liabilities (treaty inwards)										3,623
Best estimates of claims liabilities										102,456
Claims handling expenses										2,787
PRAD at 75% confidence level										6,702
Gross general insurance contract claims liabilities per statement of financial position										111,945

35 INSURANCE RISK (CONTINUED)

Net General Insurance Contract Claims Liabilities for 2011:
Motor

Accident year	2004 RM'000	2005 RM'000	2006 RM'000	2007 RM'000	2008 RM'000	2009 RM'000	2010 RM'000	2011 RM'000	Total RM'000
At end of accident year	155,847	150,336	149,483	145,824	143,308	163,687	188,461	139,228	
One year later	150,232	146,339	152,785	158,083	160,414	199,354	212,884		
Two years later	151,652	147,108	157,853	163,587	178,382	205,874			
Three years later	152,405	148,655	161,419	176,497	180,634				
Four years later	155,790	151,845	170,242	178,972					
Five years later	156,415	157,467	170,625						
Six years later	159,164	157,814							
Seven years later	159,309								
Current estimate of cumulative claims incurred	159,309	157,814	170,625	178,972	180,634	205,874	212,884	139,228	1,405,340
At end of accident year	74,326	78,813	78,518	80,872	78,664	84,990	79,440	67,028	
One year later	125,052	123,766	131,906	137,003	139,102	157,425	164,120		
Two years later	133,251	130,912	141,723	146,997	154,564	182,162			
Three years later	139,934	137,482	150,148	160,676	169,205				
Four years later	146,071	143,289	159,981	172,596					
Five years later	150,686	150,134	166,332						
Six years later	154,715	155,053							
Seven years later	156,782								
Cumulative payment to-date	156,782	155,053	166,332	172,596	169,205	182,162	164,120	67,028	1,233,278

NOTES TO THE FINANCIAL STATEMENTS - 31 March 2011 (continued)

35 INSURANCE RISK (CONTINUED)

Net General Insurance Contract Claims Liabilities for 2011: (continued)
Motor

Accident year	Before 2004 RM'000	2004 RM'000	2005 RM'000	2006 RM'000	2007 RM'000	2008 RM'000	2009 RM'000	2010 RM'000	2011 RM'000	Total RM'000
Net general insurance outstanding liabilities (direct and facultative)	7,129	2,527	2,761	4,293	6,376	11,429	23,712	48,764	72,200	179,191
Net IBNR			269	608	1,331	3,790	6,305	3,804	16,704	32,811
Net general insurance outstanding liabilities (treaty inwards)										6,988
Best estimates of claims liabilities										218,990
Claims handling expenses										6,401
PRAD at 75% confidence level										16,164
Net general insurance contract claims liabilities per statement of financial position										241,555

35 INSURANCE RISK (CONTINUED)

Net General Insurance Contract Claims Liabilities for 2011: (continued)
Non-motor

Accident year	2004 RM'000	2005 RM'000	2006 RM'000	2007 RM'000	2008 RM'000	2009 RM'000	2010 RM'000	2011 RM'000	Total RM'000
At end of accident year	13,595	15,116	19,833	19,168	17,994	23,531	21,734	18,697	
One year later	15,017	14,984	20,409	19,132	18,765	24,662	21,103		
Two years later	14,659	14,405	20,947	18,600	18,173	25,165			
Three years later	14,560	13,792	20,360	18,368	18,024				
Four years later	14,261	13,553	20,167	18,490					
Five years later	14,109	13,660	20,171						
Six years later	14,058	13,689							
Seven years later	14,099								
Current estimate of cumulative claims incurred	14,099	13,689	20,171	18,490	18,024	25,165	21,103	18,697	149,438
At end of accident year	5,533	6,679	6,810	8,645	8,478	6,670	6,979	5,664	
One year later	11,907	11,741	16,040	15,720	15,977	17,776	14,771		
Two years later	13,271	12,848	18,154	17,036	17,066	21,194			
Three years later	13,587	13,397	18,552	17,466	17,279				
Four years later	13,671	13,437	18,689	17,576					
Five years later	13,778	13,533	18,754						
Six years later	13,797	13,539							
Seven years later	13,976								
Cumulative payment to-date	13,976	13,539	18,754	17,576	17,279	21,194	14,771	5,664	122,753

NOTES TO THE FINANCIAL STATEMENTS - 31 March 2011 (continued)

35 INSURANCE RISK (CONTINUED)

Net General Insurance Contract Claims Liabilities for 2011: (continued)
Non-motor

Accident year	Before 2004 RM'000	2004 RM'000	2005 RM'000	2006 RM'000	2007 RM'000	2008 RM'000	2009 RM'000	2010 RM'000	2011 RM'000	Total RM'000
Net general insurance outstanding liabilities (direct and facultative)	854	123	150	1,417	914	745	3,971	6,332	13,033	27,539
Net IBNR	-	-	-	-	-	-	-	-	3,152	3,152
Net general insurance outstanding liabilities (treaty inwards)										3,623
Best estimates of claims liabilities										34,314
Claims handling expenses										929
PRAD at 75% confidence level										2,839
Net general insurance contract claims liabilities per statement of financial position										38,082

NOTES TO THE FINANCIAL STATEMENTS
- 31 March 2011 (continued)

36 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 '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 Banking and Financial Institutions Act 1989 and the Islamic Banking Act which are regulated by BNM.

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 considered 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, 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.

NOTES TO THE FINANCIAL STATEMENTS
- 31 March 2011 (continued)

36 FINANCIAL RISK (CONTINUED)

Credit Exposure

The table below shows the maximum exposure to credit risk for the components on the Statement of Financial Position.

	31.3.2011 RM'000	31.3.2010 RM'000
Available-for-sale financial assets	79,275	55,805
Held-to-maturity financial assets	148,888	117,583
Reinsurance assets	270,290	131,801
Loans and receivables, excluding insurance receivables	347,762	366,646
Insurance receivables	53,069	52,110
Cash and cash equivalents	35,194	60,442
	934,478	784,387

NOTES TO THE FINANCIAL STATEMENTS
- 31 March 2011 (continued)

36 FINANCIAL RISK (CONTINUED)

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 March 2011				
Investments:				
Available-for-sale financial assets	79,275	-	-	79,275
Held-to-maturity financial assets	148,888	-	-	148,888
Reinsurance assets	270,290	-	-	270,290
Loans and receivables, excluding Insurance receivables	347,762	-	-	347,762
Insurance receivables	48,569	4,500	6,385	59,454
Cash and cash equivalents	35,194	-	-	35,194
	929,978	4,500	6,385	940,863
Allowance for impairment	-	-	(6,385)	(6,385)
	929,978	4,500	-	934,478
31 March 2010				
Investments:				
Available-for-sale financial assets	55,805	-	-	55,805
Held-to-maturity financial assets	117,583	-	-	117,583
Reinsurance assets	131,801	-	-	131,801
Loans and receivables, excluding Insurance receivables	366,646	-	-	366,646
Insurance receivables	45,857	6,253	6,786	58,896
Cash and cash equivalents	60,442	-	-	60,442
	778,134	6,253	6,786	791,173
Allowance for impairment	-	-	(6,786)	(6,786)
	778,134	6,253	-	784,387

NOTES TO THE FINANCIAL STATEMENTS - 31 March 2011 (continued)

36 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.

	AAA RM'000	AA RM'000	A RM'000	BBB RM'000	B RM'000	Unrated RM'000	Exempted RM'000	Total RM'000
31 March 2011								
Available-for-sale financial assets	10,198	25,211	10,215	-	4,658	28,993	-	79,275
Held-to-maturity financial assets	96,854	25,930	-	-	-	15,991	10,113	148,888
Reinsurance assets	38,611	6,868	80,291	1,934	-	142,586	-	270,290
Loan and receivables, excluding insurance receivables	68,305	75,442	189,361	708	-	13,946	-	347,762
Insurance receivables	-	10,881	716	-	-	41,471	-	53,068
Cash and cash equivalents	-	-	25,621	-	-	9,573	-	35,194
	213,968	144,332	306,204	2,642	4,658	252,560	10,113	934,478
31 March 2010								
Available-for-sale financial assets	10,173	30,911	10,457	-	4,171	93	-	55,805
Held-to-maturity financial assets	86,388	5,048	-	-	-	16,030	10,117	117,583
Reinsurance assets	2,455	8,073	63,783	2,004	-	75,693	-	152,008
Loan and receivables, excluding insurance receivables	43,637	72,743	237,063	1,378	-	11,825	-	366,646
Insurance receivables	-	-	-	-	-	52,110	-	52,110
Cash and cash equivalents	-	-	57,441	-	-	3,001	-	60,442
	142,653	116,775	368,744	3,382	4,171	158,752	10,117	804,594

NOTES TO THE FINANCIAL STATEMENTS
- 31 March 2011 (continued)

36 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 amount is contractually due.

	<30 days	31 – 60 days	61 – 90 days	91–180 days	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
31 March 2011					
Insurance receivables	-	-	1,690	2,810	4,500
31 March 2010					
Insurance receivables	-	-	2,366	3,887	6,253

Past Due and Impaired

At 31 March 2011, based on a combination of collective and individual assessment of receivables, there are impaired insurance receivables of RM6,385,000 (2010: RM6,786,000). 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:

	31.3.2011 RM'000	31.3.2010 RM'000
Insurance Receivables		
At 1 April	6,786	7,342
Movement during the financial year	(401)	(556)
At 31 March	6,385	6,786

NOTES TO THE FINANCIAL STATEMENTS

- 31 March 2011 (continued)

36 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 maintained adequate liquidity to meet their 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 RMC and Investment Committee are the primary parties responsible for liquidity management based on guidelines approved by the Board.

- There are guidelines on assets 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 their 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 arranging credit line with banks and 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, including interest/ profit payable and receivable.

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.

36 FINANCIAL RISK (CONTINUED)

Maturity Profiles (continued)

2011	**Carrying value**	**Up to a year***	**1 to 3 years**	**3 to 5 years**	**5 to 15 years**	**Over 15 years**	**No maturity date**	**Total**
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Financial assets:								
Available-for-sale	79,275	27,012	-	18,703	14,337	-	28,993	89,045
Held-to-maturity	148,888	10,311	48,477	102,849	-	12,657	-	174,294
Reinsurance assets	171,070	71,956	70,135	14,476	7,205	7,298	99,280	270,350
Loans and receivables, excluding insurance receivables	347,762	337,198	134	153	264	21	10,069	347,839
Insurance receivables	53,069	53,069	-	-	-	-	-	53,069
Cash and cash equivalents	35,194	35,194	-	-	-	-	-	35,194
Total financial assets	835,258	534,740	118,746	136,181	21,806	19,976	138,342	969,791
Claims liabilities	450,707	156,837	210,991	45,870	20,449	16,560	-	450,707
Subordinated loan	30,000	2,700	5,400	5,700	44,850	-	-	58,650
Other financial liabilities	46,659	46,659	-	-	-	-	-	46,659
Insurance payables	47,360	47,360	-	-	-	-	-	47,360
Other payables	16,519	14,384	-	-	-	-	2,135	16,519
Total financial liabilities	591,245	267,940	216,391	51,570	65,299	16,560	2,135	619,895

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

NOTES TO THE FINANCIAL STATEMENTS - 31 March 2011 (continued)

36 FINANCIAL RISK (CONTINUED)

Maturity Profiles (continued)

2010	Carrying value RM'000	Up to a year* RM'000	1 to 3 years RM'000	3 to 5 years RM'000	5 to 15 years RM'000	Over 15 years RM'000	No maturity date RM'000	Total RM'000
Financial assets:								
Available-for-sale	55,805	17,795	40,310	7,198	-	-	93	65,396
Held-to-maturity	117,583	1,383	48,271	79,295	-	13,244	-	142,193
Reinsurance assets	98,851	22,095	51,820	11,181	4,297	9,458	32,950	131,801
Loans and receivables, excluding insurance receivables	366,646	359,309	158	149	395	-	6,753	366,764
Insurance receivables	52,110	52,110	-	-	-	-	-	52,110
Cash and cash equivalents	60,442	57,441	-	-	-	-	3,001	60,442
Total financial assets	751,437	510,133	140,559	97,823	4,692	22,702	42,797	818,706
Claims liabilities	421,956	141,749	190,406	44,518	19,512	25,771	-	421,956
Other financial liabilities	182	182	-	-	-	-	-	182
Insurance payables	52,557	52,557	-	-	-	-	-	52,557
Other payables	13,250	10,457	-	-	-	-	2,793	13,250
Total financial liabilities	487,945	204,945	190,406	44,518	19,512	25,771	2,793	487,945

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

NOTES TO THE FINANCIAL STATEMENTS
- 31 March 2011 (continued)

36 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 monthly to the Investment Committee and quarterly to the RMC.
- 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.

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 deposit income securities and deposit placements. Interest rate is managed by the Company on an ongoing basis. The Company has no significant concentration of interest rate/ profit yield risk.

The impact on Profit Before Tax at +/- basis points change in the interest rate, with all other variables held consistent, is insignificant to the Company given that it has minimal floating rate financial instruments.

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), irregardless 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.

NOTES TO THE FINANCIAL STATEMENTS
- 31 March 2010 (continued)

36 FINANCIAL RISK (CONTINUED)

Price Risk (continued)

The Company's equity price risk exposure relates to financial assets and financial liabilities whose values will fluctuate as a result of changes in market prices.

The Company are exposed to equity price risk arising from investments held by the Company and classified in the statement of financial position as available-for-sale financial assets that comprises quoted equities and unit trusts.

The analysis below is performed for reasonably possible movements in equity price with all other variables held constant, showing the impact of statement of comprehensive income and equity (due to changes in fair value of available-for-sale financial assets).

			31.3.2011
	Changes in variables	**Impact on income statement**	**Impact on equity***
Market price	+10%	-	2,965
Market price	-10%	-	(2,965)

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

The method used for deriving sensitivity information and significant variables did not change from the previous period.

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 RMC and the Board.

NOTES TO THE FINANCIAL STATEMENTS
- 31 March 2011 (continued)

37 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 CAR of 130%. The Company has a CAR 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

NOTES TO THE FINANCIAL STATEMENTS

- 31 March 2011 (continued)

38 CHANGES IN ACCOUNTING POLICIES

During the financial year, the Company changed the following accounting policy upon adoption of new accounting standards, amendments and improvements to publish standards and interpretations:

- FRS 101 (revised) : Presentation of Financial Statements and
  FRS 7: Financial Instruments – Disclosures;
- FRS 4: Insurance Contracts; and
- FRS 139: Financial Instruments – Recognition and Measurement; and
- FRS 117: Leases

The following describes and discloses the impact of the above FRS to the financial statements of the Company.

(a) FRS 101(R) and FRS 7

The adoption of FRS 101 (R) effective for the financial year ended 31 March 2011 resulted in the following:

(i) The income statement for the financial year ended 31 March 2011 has been re-presented as two statements, namely the income statement and statement of comprehensive income. All non-owner changes in equity that were presented in the statement of changes in equity are now included in the statement of comprehensive income as other comprehensive income. Consequently, components of comprehensive income are not presented in the statement of changes in equity. Comparative information has been re-presented so that it also is in conformity with the revised standard or the change in accounting policy only impacts presentation aspects there is no impact on earnings per share; and

(ii) A statement of financial position at the beginning of the earliest comparative period, i.e. 1 April 2009 has been included following the change in the comparative figures for 31 March 2010 to conform with current financial year's presentation, arising from those changes in accounting policy with retrospective application. Similarly, 3 years comparison is disclosed for the affected notes to the financial statement with retrospective changes.

FRS 7 introduces new disclosures relating to financial instruments and does not have any impact on the classification and valuation of the Company's financial instruments. FRS 7 does not require comparative disclosures when the standard is first applied.

NOTES TO THE FINANCIAL STATEMENTS
- 31 March 2011 (continued)

38 CHANGES IN ACCOUNTING POLICIES (continued)

(b) FRS 4 Insurance Contracts

During the financial year, the Company's changed its accounting policy relating to the assessment of impairment loss on insurance receivables upon adoption of FRS 4 "Insurance Contracts". Prior to 1 April 2010, an allowance was made for any premiums, including agents' and reinsurers' balances, which remained outstanding for more than six months from the date on which they became receivable, except for outstanding motor premiums for which an allowance was made for amounts outstanding for more than 30 days

Upon the adoption of FRS 4, if there is objective evidence that the insurance receivable is impaired, the Company reduces the carrying amount of the insurance receivable accordingly and recognises that impairment loss in the income statement. An objective evidence of impairment is deemed to exist where the insurance receivables is past due for more than 90 days or 3 months.

FRS 4 prohibits offsetting of income and expenses from reinsurance contracts against the income or expenses from the related insurance contracts and offsetting of reinsurance assets against the related insurance liabilities. Following the adoption of FRS 4, the income and expenses from reinsurance contracts and reinsurance assets are required to be presented on a gross basis.

FRS 4 also introduced new disclosures requirements but does not require certain comparative disclosures when the standard is first applied.

The effects of this change in accounting policy are applied retrospectively according to the transitional provision of the accounting standard.

(c) FRS 139 Financial Instruments: Recognition and Measurement

FRS 139 introduces a new classification and measurement basis on financial assets.

In previous financial years, investments in Malaysian Government guaranteed financing Shariah approved quoted equities, and unquoted Islamic debt securities as specified by BNM were stated at cost adjusted for the amortisation of contributions or accretion of discounts, calculated on constant yield basis, from the date of purchase to maturity date. The amortisation of contributions and accretion of discounts were recognised in the income statement.

Quoted investments were stated at the lower of cost and market value, determined on an aggregate portfolio basis by category of investments except that if diminution in value of a particular investment was not regarded as temporary, specific allowance was made against the value of that investment. Market value was determined by reference to the stock exchange closing price at the date of the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS
- 31 March 2011 (continued)

38 CHANGES IN ACCOUNTING POLICIES (continued)

(c) FRS 139 Financial Instruments: Recognition and Measurement (continued)

Unquoted investments were shown at cost and an allowance for diminution in value was made where, in the opinion of the Directors, there was a decline other than temporary in the value of such investment. Where there was a decline other than temporary in the value of an investment, such a decline was recognised as an expense in the financial year in which the decline was identified.

FRS 139 requires companies to classify and value their financial assets into the following categories: fair-value through profit or loss, available-for-sale, held-to-maturity or loans and receivables. The Company has classified its financial assets, including its investments portfolio, as described in Note 2(f) to the financial statements.

This change in accounting policy is applied prospectively, following the transitional provision of the accounting standard, to the opening retained earnings of the Company as at 1 April 2010.

(d) FRS 117 Leases

Following the adoption of improvement to FRS 117: Leases, leasehold land, which the Company has substantially all the risks and rewards incidental to ownership, has been reclassified retrospectively from operating lease to finance lease. Previously, leasehold land was classified as an operating lease unless title is expected to pass to the lessee at the end of lease term. The comparative figures for the financial year ended 31 March 2010 have been restated following the change in accounting policy.

Effects of changes in accounting policies on the Company's income statement/statement of comprehensive income for the financial year ended 31 March 2010 and 31 March 2011

There were no significant effects to the Company's financial results for the financial year ended 31 March 2011 and 31 March 2010 as a result of the aforementioned changes in accounting policies.

38 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

The following tables disclose the adjustments that have made in accordance with the transitional and new provisions of the respective FRSs to each of the line items in the Company's statement of financial position as at 1 April 2009, 31 March 2010 and 31 March 2011.

	1.4.2009				31.3.2010				31.3.2011
	As previously reported	Effects of FRS 117	Effects of FRS 4	Restated balance	As previously reported	Effects of FRS 117	Effects of FRS 4	Restated balance	Effects of FRS as at 31.3.2011
Statement of Financial Position									
Assets									
Property and equipment	44,267	7,954	-	52,221	49,683	10,588	-	60,271	70
Prepaid lease payment	6,557	(6,557)	-	-	6,477	(6,477)	-	-	-
Reinsurance assets	-	-	142,680	142,680	-	-	131,801	131,801	270,290
Deferred acquisition cost-gross	-	-	21,097	21,097	-	-	19,083	19,083	18,693
Deferred tax assets	-	-	-	-	3,452	-	(157)	3,295	-
Liabilities									
Insurance contract liabilities									
Claims liabilities	237,979	-	106,554	344,533	323,105	-	98,851	421,956	171,070
Premium liabilities	157,043	-	53,401	210,444	154,535	-	49,378	203,913	110,181
Deferred acquisition cost -reinsurance	-	-	3,822	3,822	-	-	2,655	2,655	7,732
Equity									
Assets revaluation reserve	-	-	-	-	16,596	2,714	-	19,310	70
Retained earnings	119,568	1,397	-	120,965	92,456	1,397	-	93,853	-

STATEMENT BY DIRECTORS

Pursuant To Section 169(15) Of The Companies Act, 1965

We, David Chan Mun Wai and Dato' Khalid bin Abdol Rahman , two of the Directors of Uni.Asia General Insurance Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 22 to 97 are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 March 2011 and of the results and cash flows of the Company for the financial year ended on that date in accordance with Malaysian Accounting Standards Board Approved Accounting Standards in Malaysia for Entities Other Than Private Entities, and the provisions of the Companies Act, 1965, and the Insurance Act, 1996.

Signed on behalf of the Board of Directors in accordance with their resolution dated 22 June 2011.

DAVID CHAN MUN WAI
DIRECTOR

DATO' KHALID BIN ABDOL RAHMAN
DIRECTOR

Kuala Lumpur

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 22 to 97 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.

TAN SEE DIP

Subscribed and solemnly declared by the abovenamed Tan See Dip at Kuala Lumpur on 22 June 2011, before me.

COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT

To The Members of Uni.Asia General Insurance Berhad

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 statements 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 the 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.

INDEPENDENT AUDITORS' REPORT (continued)

To The Members of Uni.Asia General Insurance Berhad

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.

PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Chartered Accountants

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

Kuala Lumpur
22 June 2011

LIST OF PROPERTIES as at FYE March 2011

Location	Date of Acquisition	Description/ Existing Use	Approximate Age of Building Years	Tenure	Approximate Area (sq. m): Built-up	Net Book Value as at 31.03.11 RM'000
Menara Uni.Asia No.1008, Jalan Sultan Ismail, 50250 Kuala Lumpur, Wilayah Persekutuan	14 July 1999	Ground, 2nd , 6th to 10th floors used as Uni.Asia General's Corporate Head Office, currently 11 to 13A floors are rented out	12	Leasehold 99 years expiring on 06.02.2078	11,975	75,668
Adjacent Land (Plot A), Menara Uni.Asia	31 July 2001	Building commercial land	10	Leasehold 82 years expiring on 15.08.2083	256	0
Lot 7651 & 7658 Taman Desa Jaya, Sg. Petani, Kedah	30 Dec 1990	Lot 7658 is detached with single storey house and Lot 7651 (4,808 sf) is a vacant land	29	Freehold	895	195
Lot 5453, A-4 Jalan Kg. Baru, Sg. Petani, Kedah	26 Feb 1994	4 storey shophouse used as branch office	16	Freehold	433	749
Suite 3.1, 3.2 & 3.3, Menara Penang Garden, Penang	6 May 1992 & 5 Aug 1993	Suite 3.1, 3.2 and 3.3 are used as branch office and regional office	17	Freehold	574	1,297
Lot 951 (471) & 801, Mukim 11, Barat Daya, Penang	12 Feb 1980	Vacant land	18	Freehold	8,551	2,000

LIST OF PROPERTIES as at FYE March 2011

Location	Date of Acquisition	Description/ Existing Use	Approximate Age of Building Years	Tenure	Approximate Area (sq. m): Built-up	Net Book Value as at 31.03.11 RM'000
122 & 122A, Jalan Raja Musa Aziz, Ipoh	12 Jan 1981	2 units of 3 storey shophouse used as branch office	29	Leasehold 999 years expiring on 21.09.2894	866	898
9 to 12th floors, Menara Safuan, Kuala Lumpur, Wilayah Persekutuan	31 Dec 1994	9th to 12th floors are rented out	27	Freehold	1,785	8,600
No 13, Jalan Melur 8, Taman Suria Jaya, Cheras, SDE	24 Aug 1981	4 storey terrace shophouse being used as a store	28	Leasehold 99 years expiring on 23.01.2085	544	399
No 360, Taman Melaka Raya, Melaka	11 Mar 1993	3 storey shophouse used as a branch office	18	Leasehold 99 years expiring on 04.10.2082	368	490
9B Condominium, Type 4, Frasers Pine Resort, Bukit Fraser, Raub, Pahang	6 Aug 1982	3 Bedroom duplex apartment unit (Vacant)	25	Leasehold 99 years expiring on 23.05.2082	166	239
688-C, Jalan Bukit Ubi, Kuantan, Pahang	19 Mar 1981	3 storey shophouse used as a branch office	29	Freehold	403	589

LIST OF PROPERTIES as at FYE March 2011

Location	Date of Acquisition	Description/ Existing Use	Approximate Age of Building Years	Tenure	Approximate Area (sq. m): Built-up	Net Book Value as at 31.03.11 RM'000
No 17 & 18, Jalan Tebrau, Johor Bahru, Johor	31 Mar 1982	Ground, 1 & 2 floors of Lot 17 & 18 used as branch office and regional office	28	Freehold	691	1,948
Lot 329 & 330, Central Road, East, Kuching, Sarawak	13 Mar 1993	1st floor of Lot 329 is vacant and others are used as branch office	16	Leasehold 999 years expiring on 03.05.2781	687	1,179
Wisma Uni.Asia, No 361, Taman Bukit Emas, Jalan Tampin, 70450 Seremban, Negeri Sembilan	29 May 1995	3 storey shophouse used as branch office	30	Freehold	470	400
TOTAL						94,649