Company No.

277714	A

UNI.ASIA LIFE ASSURANCE BERHAD
(Incorporated in Malaysia)

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

Company No.	
277714	A

UNI.ASIA LIFE ASSURANCE BERHAD
(Incorporated in Malaysia)

FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

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Company No.

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UNI.ASIA LIFE ASSURANCE BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of the Company for the financial year ended 31 March 2013.

PRINCIPAL ACTIVITY

The Company is engaged principally in the underwriting of life insurance business including investment-linked 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	17,154

DIVIDENDS

No dividend has been paid or declared by the Company since 31 March 2012. The Directors do not recommend the payment of any dividend for the financial year ended 31 March 2013.

RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the financial year are disclosed in 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 its insurance liabilities in accordance with the valuation methods specified in Part D of the Risk-Based Capital Framework (“RBC Framework”) for insurers issued by BNM.

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 amount written off for bad debts or the amount of the allowance for impairment in the financial statements of the Company inadequate to any substantial extent.

DIRECTORS' REPORT (CONTINUED)

CURRENT ASSETS

Before the financial statements of the Company were made out, the Directors took reasonable steps to ensure that any current assets, which were unlikely to be realised 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 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.

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 substantially affect the ability of the Company to meet its 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 which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Company during the financial year were not, in the opinion of the Directors, substantially affected by any item, transaction or event of a material and unusual nature other than those disclosed in the financial statements.

ITEMS OF AN UNUSUAL NATURE (CONTINUED)

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 period in which this report is made.

CORPORATE GOVERNANCE

(a) Importance and commitment

The Company, with the leadership of the Board of Directors ("the Board"), is adopting the necessary measures to ensure that the corporate and management practices are consistent with the regulatory requirements and best practice standards ordained under JPI/GPI 25: Prudential Framework of Corporate Governance for Insurers ("the Framework") issued on 10 May 2000 by Bank Negara Malaysia ("BNM"). JPI 13/2009 issued on 19 May 2009 supplemented the framework with additional guidelines and measures to be adopted by insurers. The Company's policy is to achieve best practices in their business standards for all activities throughout the Company and good corporate governance, which the Board fully recognises to be one of its principal responsibilities.

(b) Key issues and aspects

Key elements of the industry's corporate governance captured by the Framework are:

i. An effective and balanced Board appointed through a predetermined appointment procedure;
ii. Executive remuneration set by the Remuneration Committee that attracts and retains the people needed to run the Company;
iii. A sound system of internal controls that safeguards the Company's assets and investments, and identifies and manages business risks.

The Company's commitment to the corporate governance standards entails the following:

i. The Board has a mix of independent and non-independent Directors. The Board comprises 8 non-executive Directors with vast experience, of which 4 are independent non-executive Directors of the calibre necessary to carry sufficient weight in Board's decisions. The role of independent non-executive Directors is important in ensuring that the strategies proposed by management are fully discussed and examined, and takes into account the long-term interest of various stakeholders. The Board appoints new Directors on the recommendation of the Nominating Committee.
ii. Executive remuneration is set by the Remuneration Committee. The Company's executive remuneration policy is to reward employees competitively, taking into account individual performance, company performance, market comparisons and the competitiveness in the local insurance industry. Remuneration packages are reviewed annually and comprise a mix of basic salary and performance-linked elements.

(b) Key issues and aspects (continued)

iii. The Board is responsible for the Company's system of internal controls and risk management, and reviewing the effectiveness of these systems which are designed to proactively manage, rather than eliminate, the risk of failure to achieve sustainable business objectives. In achieving this, the following are put in place:

- the Risk Management Committee which oversees and provides overall direction on risk management efforts;
- a system of financial and business controls which provides regular reports by the Chief Financial Officer ("CFO") and the Chief Executive Officer ("CEO") to the Board;
- regular assessments of internal controls by the Company's internal audit department; and
- review of the effectiveness of the internal control processes by the Audit Committee, on behalf of the Board.

(c) Board responsibilities

The Board is ultimately responsible for the Company's strategic direction and overseeing the performance of the Company. Its focuses are:

i. Strategy
ii. Development
iii. Shareholder value
iv. Oversight and control
v. Corporate governance

(d) Supply of information

The Board is mindful that its strategic focus on matters relating to their business and exposures should be based on informed decisions. Hence, all the Directors are provided with the meeting agenda and Board reports well ahead of Board meetings. This is to enable the Directors to obtain further explanations, where necessary, in order to be briefed properly before the meeting. As and when necessary, the Board, in furtherance of their duties may seek independent professional advice at the Company's expense. All the Directors have access to the advice and services of the Company Secretary.

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

Board Members	Category of Directorship
Dato' Haji Kamil Khalid Ariff (Chairman)	Independent Director
Lee Chin Yong (Deputy Chairman)	Non-Independent Director
Dato' Chan Choy Lin	Non-Independent Director
Dato' Dr. Mohd Shahari bin Ahmad Jabar	Independent Director
Dato' Majid bin Mohamad	Independent Director
Dato' Mohamed Hazlan bin Mohamed Hussain (Appointed on 30 August 2012)	Non-Independent Director
Chan Kok Seong	Non-Independent Director
Lee Siang Korn @ Lee Siang Chin	Independent Director
Dato' Sri Haji Mohd Khamil bin Jamil (Resigned on 3 September 2012)	Non-Independent Director
Yeong Chee Wah (Resigned on 15 August 2012)	Independent Director

UNI.ASIA LIFE ASSURANCE BERHAD
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DIRECTORS' REPORT (CONTINUED)

CORPORATE GOVERNANCE (CONTINUED)

(d) Supply of information (continued)

The Board meetings and attendance for the financial year ended 31 March 2013 are as follows:

Directors	Number of Board meeting	
	Held	*Attended*
Dato' Haji Kamil Khalid Ariff	6	6
Lee Chin Yong	6	6
Dato' Chan Choy Lin	6	5
Dato' Dr. Mohd Shahari bin Ahmad Jabar	6	6
Dato' Majid bin Mohamad	6	6
Dato' Mohamed Hazlan bin Mohamed Hussain (Appointed on 30 August 2012)	4	4
Chan Kok Seong	6	6
Lee Siang Korn @ Lee Siang Chin	6	5
Dato' Sri Haji Mohd Khamil bin Jamil (Resigned on 3 September 2012)	2	1
Yeong Chee Wah (Resigned on 15 August 2012)	2	2

(e) Appointment/re-appointment of Directors

The appointments/re-appointments of the Directors are based on the Company's Articles of Association. All the Directors who are appointed by the Board are subject to re-election every succeeding year, thereafter one-third of the Directors (being those who have been longest in office) shall retire or be re-elected.

(f) Directors' training

The Directors are encouraged to attend continuous education programs and seminars to keep abreast with developments in the industry. The Company has established a mechanism for all the Directors to be kept abreast of changes and new legal and regulatory requirements on a regular basis. The Company also keeps a record of the Directors' training programs and attendance to the said programme.

(g) Directors' responsibility statement with respect to the financial statements.

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year which have been made out in accordance with the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and comply with the requirements of the Companies Act 1965 in Malaysia and give a true and fair view of the state of affairs of the Company at the end of the financial year and of the results and cash flows of the Company for the financial year.

CORPORATE GOVERNANCE (CONTINUED)

(g) Directors' responsibility statement with respect to the financial statements. (continued)

In preparing the financial statements, the Directors have:

- adopted suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- ensured that all applicable accounting standards have been followed; and
- prepared financial statements on the going concern basis as the Directors have a reasonable expectation, having made enquiries, 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, which disclose with reasonable accuracy, the financial position of the Company and to ensure that the financial statements comply with the Companies Act, 1965.

The Directors have overall responsibility to take steps to safeguard the assets of the Company and to prevent and detect fraud and irregularities.

(h) 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.

(i) Board committees

The Board has assigned specific responsibilities to six board committees (Audit, Remuneration, Nomination, Risk Management, Executive and Investment Committees), details of which are set out below. These committees have the authority to examine particular issues and report back to the Board with their recommendations. The ultimate responsibility for the final decision on all matters, however, lies with the Board.

(j) The Audit Committee comprises the following members;

Dato' Dr. Mohd Shahari bin Ahmad Jabar - Chairman
Dato' Chan Choy Lin
Dato' Haji Kamil Khalid Ariff
Dato' Majid bin Mohamad
Yeong Chee Wah (Resigned on 15 August 2012)

The Audit Committee reviews the Company's accounting policies, systems of internal controls and risk management, reports from the Company's internal and external auditors and determines that appropriate actions are being taken by the management. Its conclusions are reported to the Board, which takes responsibility for the Company's system of internal controls.

CORPORATE GOVERNANCE (CONTINUED)

(j) Audit Committee (continued)

The Audit Committee also considers the Company's published financial statements for statutory compliance and best practice standards, and recommends to the Board appropriate disclosure in these reports. It also reviews the performance of the Company's external auditors annually to ensure an objective, professional and cost-effective relationship. It recommends to the Board, the external auditors fees for their audit services.

(k) Remuneration Committee

The Remuneration Committee comprises the following members;

Dato' Haji Kamil Khalid Ariff – Chairman
Lee Chin Yong
Dato' Majid bin Mohamad
Dato' Mohamed Hazlan bin Mohamed Hussain (Appointed on 19 September 2012)
Lee Siang Korn @ Lee Siang Chin
Dato' Chan Choy Lin (Resigned on 19 September 2012)
Dato' Sri Haji Mohd Khamil bin Jamil (Resigned on 3 September 2012)

The Remuneration Committee sets the remuneration policy for the Directors, the CEO and senior management reporting to the Board. Specifically, the *Remuneration Committee* agrees their service/employment contracts, salaries, other benefits, including bonuses and participation in the Company's long-term incentive plans, and other terms and conditions of service/employment.

It also agrees terms for their cessation of service/employment, approves changes in the Company's long term incentive plans, recommends to the Board those plans which require shareholder approval and oversees their operations.

Remuneration of the Directors and the CEO

The aggregate remuneration of the Directors and the remuneration of the CEO have been disclosed in Note 24 to the financial statements, meeting the minimum requirement of JPI: 32/2003.

(l) Nomination Committee

The Nomination Committee comprises the following members;

Dato' Haji Kamil Khalid Ariff – Chairman
Lee Chin Yong – Deputy Chairman
Dato' Dr. Mohd Shahari bin Ahmad Jabar
Dato' Majid bin Mohamad
Dato' Mohamed Hazlan bin Mohamed Hussain (Appointed on 19 September 2012)
Dato' Chan Choy Lin (Resigned on 19 September 2012)
Dato' Sri Haji Mohd Khamil bin Jamil (Resigned on 3 September 2012)
Lee Siang Korn @ Lee Siang Chin (Resigned on 19 September 2012)
Yeong Chee Wah (Resigned on 15 August 2012)

CORPORATE GOVERNANCE (CONTINUED)

l) Nomination Committee (continued)

The Nomination Committee recommends to the Board the appointments of all Directors and regularly reviews, a profile of the skills and attributes required from the Directors as a whole to ensure an appropriate balance of expertise and ability. This profile is used to assess the suitability of candidates put forward by the Directors and shareholders.

(m) Risk Management Committee

The Risk Management Committee comprises the following members;

Dato' Majid bin Mohamad - Chairman
Dato' Haji Kamil Khalid Ariff
Lee Chin Yong
Chan Kok Seong
Yeong Chee Wah (Resigned on 15 August 2012)

The roles of the Risk Management Committee are:

- to oversee the development of risk management capabilities and development of an acceptable risk culture for the Company;
- to review the completeness of risk identification, assessment, controls and the managing of risks on a group-wide basis and assess their effectiveness on a regular basis;
- to oversee the development of general risk policies and procedures, and to monitor and evaluate their effectiveness;
- to oversee the implementation of a risk management framework in a manner that is consistent with the overall risk management objectives of the Company.

(n) Executive Committee

The Executive Committee comprises the following members;

Lee Chin Yong – Chairman
Dato' Mohamed Hazlan bin Mohamed Hussain (Appointed on 19 September 2012)
Chan Kok Seong
Dato' Sri Haji Mohd Khamil bin Jamil (Resigned on 3 September 2012)

It reviews matters relevant to the operations of the Company and is empowered by the Board with relevant authority for effective and efficient decision making.

UNI.ASIA LIFE ASSURANCE BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

CORPORATE GOVERNANCE (CONTINUED)

o) Investment Committee

The Investment Committee comprises the following members;

Lee Siang Korn @ Lee Siang Chin - Chairman
Lee Chin Yong
Dato’ Mohamed Hazlan bin Mohamed Hussain (Appointed on 19 September 2012)
Chan Kok Seong
Dato’ Sri Haji Mohd Khamil bin Jamil (Resigned on 3 September 2012)

The Investment Committee is empowered by the Board to assist the Board and management in its strategic responsibilities and accountabilities in the investment areas of the Company. The Committee shall report to the Board the results, observations and recommendations for their deliberation and formalisation pertaining to the investment activities of the Company.

DIRECTOR'S INTEREST IN SHARES

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

	As at 1 April 2012	**Acquired**	**Disposed**	**As at 31 March 2013**
Penultimate holding company				
Direct				
Dato’ Majid bin Mohamad	10,000	-	-	10,000
Interest of Spouse of the Directors				
Dato’ Dr. Mohd Shahari bin Ahmad Jabar	-	20,000	-	20,000

Other than as disclosed above, according to the Register of Directors’ Shareholdings, none of the Directors in office at the end of the financial year held any interest in shares in the Company or its related corporations during the financial year.

UNI.ASIA LIFE ASSURANCE BERHAD
(Incorporated in Malaysia)

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.

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 as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the 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.

ULTIMATE HOLDING COMPANY

The Directors regard Etika Strategi Sdn Bhd, a company incorporated in Malaysia, as the ultimate holding company and DRB-Hicom Berhad, as the penultimate holding company.

AUDITORS

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

Signed on behalf of the Board in accordance with their resolution dated 31 May 2013.

DATO' HAJI KAMIL KHALID ARIFF CHAIRMAN	CHAN KOK SEONG DIRECTOR

Kuala Lumpur, Wilayah Persekutuan

Company No.	
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UNI.ASIA LIFE ASSURANCE BERHAD
(Incorporated in Malaysia)

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

We, Dato' Haji Kamil Khalid Ariff and Chan Kok Seong, two of the Directors, state that, in the opinion of the Directors, the financial statements set out on pages 14 to 107 are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 March 2013 and of the results and cash flows of the Company for the financial year ended on that date in accordance with the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and comply with the requirements of the Companies Act 1965 in Malaysia.

Signed on behalf of the Board of Directors in accordance with their resolution dated 31 May 2013

DATO' HAJI KAMIL KHALID ARIFF CHAIRMAN	CHAN KOK SEONG DIRECTOR

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

I, Kwo Shih Kang, the officer primarily responsible for the financial management of Uni.Asia Life Assurance Berhad, do solemnly and sincerely declare that the financial statements set out on pages 14 to 107 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.

Kwo Shih Kang

Subscribed and solemnly declared by the above named Kwo Shih Kang at Kuala Lumpur, Wilayah Persekutuan in Malaysia on 31 May 2013, before me.

COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF UNI.ASIA LIFE ASSURANCE BERHAD
(Incorporated in Malaysia)
(Company No. 277714 A)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Uni.Asia Life Assurance Berhad, which comprise the statement of financial position as at 31 March 2013, and the statements of income, comprehensive income, changes in equity and cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 14 to 107.

Directors' and Managements' Responsibilities for the Financial Statements

The Directors and management of the Company are responsible for the preparation of the financial statements that give a true and fair view in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and comply with the requirements of the Companies Act, 1965 in Malaysia, 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 judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the 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 the Malaysian Financial Reporting Standards, International Financial Reporting Standards and comply with the requirements of the Companies Act, 1965 in Malaysia, so as to give a true and fair view of the financial position of the Company as of 31 March 2013 and of its financial performance and cash flows for the financial year then ended.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF UNI.ASIA LIFE ASSURANCE BERHAD
(Incorporated in Malaysia)
(Company No. 277714 A)

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 required by the Act to be kept by the Company have been properly kept in accordance with the provision of the Act.

OTHER MATTERS

1. As stated in Note 2 to the financial statements, the Company adopted Malaysian Financial Reporting Standards on 1 April 2012 with a transition date of 1 April 2011. These standards were applied retrospectively by directors to the comparative information in these financial statements, including the statements of financial position as at 31 March 2012 and 1 April 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 31 March 2012 and related disclosures. We were not engaged to report on the restated comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the year ended 31 March 2013 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 April 2012 do not contain misstatements that materially affect the financial position as of 31 March 2013 and financial performance and cash flows for the year then ended.

2. 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

JAYARAJAN A/L U. RATHINASAMY
(No. 2059/06/14(J))
Chartered Accountant

Kuala Lumpur
31 May 2013

Company No.

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UNI.ASIA LIFE ASSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2013

	Note	31.03.2013 RM'000	Restated 31.03.2012 RM'000	Restated 01.04.2011 RM'000
ASSETS				
Properties and equipment	3	21,473	19,838	14,858
Investment property	4	5,000	4,850	9,800
Intangible assets	5	3,381	4,639	5,329
Prepaid lease property	6	246	250	253
Investments	7	2,366,661	2,227,681	2,135,150
Malaysian Government Securities		114,244	140,649	170,855
Debt securities		1,178,926	1,227,943	1,069,383
Equity securities		190,061	193,969	208,639
Structured investments		80,054	82,277	112,568
Unit and property trust funds		80,042	103,559	112,024
Loans		87,407	82,156	76,724
Fixed and call deposits		635,927	397,128	384,957
Reinsurance assets	8	8,360	11,366	2,327
Insurance receivables	9	8,799	7,245	8,763
Other receivables	10	5,986	15,492	1,622
Tax recoverable		1,765	780	795
Cash and cash equivalents		8,053	4,172	7,088
TOTAL ASSETS		2,429,724	2,296,313	2,185,985

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

UNI.ASIA LIFE ASSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2013 (CONTINUED)

	Note	31.03.2013 RM'000	Restated 31.03.2012 RM'000	Restated 01.04.2011 RM'000
EQUITY, POLICYHOLDERS' FUNDS AND LIABILITIES				
Share capital	11	125,000	125,000	125,000
Retained earnings		227,898	210,744	189,891
Available-for-sale fair value reserves		11,019	12,933	7,778
Asset revaluation reserves		2,074	2,037	1,994
TOTAL EQUITY		365,991	350,714	324,663
Insurance contract liabilities	12	1,828,200	1,687,979	1,585,678
Deferred tax liabilities	13	41,471	45,562	46,603
Subordinated term loan	14	53,000	53,000	53,000
Insurance payables	15	125,071	140,173	157,329
Current tax payable		-	1,564	1,427
Other payables	16	15,991	17,321	17,285
TOTAL LIABILITIES		2,063,733	1,945,599	1,861,322
TOTAL EQUITY, POLICYHOLDERS' FUNDS AND LIABILITIES		2,429,724	2,296,313	2,185,985

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

UNI.ASIA LIFE ASSURANCE BERHAD
(Incorporated in Malaysia)

INCOME STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

	Note	31.03.2013 RM'000	Restated 31.03.2012 RM'000
Operating revenue	17	373,817	402,868
Gross premiums	18 (a)	275,842	313,761
Premiums ceded to reinsurers	18 (b)	(12,539)	(12,521)
Net premiums		263,303	301,240
Investment Income	19	97,975	89,107
Realised gains/(losses)	20	17,589	22,049
Fair value gains/(losses)	21	4,443	(23,728)
Fee income	22	2	13
Other operating income		1,836	2,415
Other income		121,845	89,856
Gross benefits and claims	23 (a)	(146,402)	(180,168)
Claims ceded to reinsurers	23 (b)	2,642	9,592
Gross change in contract liabilities	23 (c)	(125,886)	(103,306)
Change in contract liabilities ceded to reinsurers	23 (d)	15	5,553
Net insurance benefits and claims		(269,631)	(268,329)
Fee and commission expenses		(33,485)	(34,314)
Management expenses	24	(49,687)	(52,687)
Other expenses		(83,172)	(87,001)
Profit and surplus before taxation		32,345	35,766
Taxation of life insurance fund	26	(7,277)	(6,378)
Profit from operations		25,068	29,388
Finance costs	25	(2,869)	(2,912)
Profit before taxation		22,199	26,476
Taxation	26	(5,045)	(5,623)
Profit for the financial year		17,154	20,853
Basic earnings per share (sen)	27	13.72	16.68

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

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UNI.ASIA LIFE ASSURANCE BERHAD
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STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

	Note	31.03.2013 RM'000	Restated 31.03.2012 RM'000
Profit for the financial year		17,154	20,853
Other comprehensive income/(loss):			
Available-for-sale fair value reserves			
Gross fair value changes	7 (e)	(9,019)	12,716
Taxation	13	1,187	(2,275)
		(7,832)	10,441
Change in insurance contract liabilities			
Gross fair value changes		6,433	(5,766)
Taxation		(515)	480
	12	5,918	(5,286)
Assets revaluation reserves			
Gross surplus from revaluation of properties and equipment		46	53
Taxation		(9)	(10)
		(1,877)	5,198
Total comprehensive income for the financial year		15,277	26,051

The accompanying notes form an integral part of the financial statements

Company No.

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UNI.ASIA LIFE ASSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

	Note	Share capital	Assets revaluation reserves	Available-for-sale fair value reserves	Life non participating surplus*	Retained earnings	Total
			Non-distributable			Distributable	
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 April 2012		125,000	-	3,120	-	49,055	177,175
Effect of changes in accounting policies	33	-	2,037	9,813	161,689	-	173,539
Restated as at 1 April 2012		125,000	2,037	12,933	161,689	49,055	350,714
Total comprehensive income for the financial year		-	37	(1,914)	15,901	1,253	15,277
Transfer from life non-participating surplus as recommended by the Appointed Actuary (net of tax)		-	-	-	(27,753)	27,753	-
At 31 March 2013		125,000	2,074	11,019	149,837	78,061	365,991
At 1 April 2011		125,000	-	2,107	-	23,290	150,397
Effect of changes in accounting policies	33	-	1,994	5,671	166,601	-	174,266
Restated as at 1 April 2011		125,000	1,994	7,778	166,601	23,290	324,663
Total comprehensive income for the financial year		-	43	5,155	19,950	903	26,051
Transfer from life non-participating surplus as recommended by the Appointed Actuary (net of tax)		-	-	-	(24,862)	24,862	-
At 31 March 2012		125,000	2,037	12,933	161,689	49,055	350,714

The Life Non Participating Surplus amount is net of deferred tax. This amount is restricted until the actual recommended transfer from the life fund into the shareholders' fund by the Appointed Actuary in accordance to the Insurance Act, 1996 is made.

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

UNI.ASIA LIFE ASSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

	Note	31.03.2013 RM'000	Restated 31.03.2012 RM'000
OPERATING ACTIVITIES			
Cash used in operating activities	28	(67,059)	(65,491)
Dividend income received		8,581	7,241
Interest/profit income received		86,590	74,995
Rental income on investment property received		257	260
Finance cost paid		(2,871)	(2,901)
Income tax paid		(17,782)	(15,185)
Net cash flow from operating activities		7,716	(1,081)
INVESTING ACTIVITIES			
Proceeds from disposal of properties and equipment		46	-
Purchase of properties and equipment		(2,993)	(1,185)
Purchase of intangible assets		(888)	(650)
Net cash flow from investing activities		(3,835)	(1,835)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		3,881	(2,916)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		4,172	7,088
CASH AND CASH EQUIVALENTS AT END OF YEAR		8,053	4,172
Cash and cash equivalents comprise:			
Cash and bank balances		8,053	4,172
		8,053	4,172

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

1 CORPORATE INFORMATION

The Company is engaged principally in the underwriting of life insurance business including investment-linked business. There has been no significant change in the nature of this activity during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office of the Company is located at 9th Floor, Menara Uni.Asia, 1008, Jalan Sultan Ismail, 50250 Kuala Lumpur.

The principal place of business of the Company is located at 16, Jalan Tun Tan Siew Sin, 50050 Kuala Lumpur.

The immediate holding, ultimate holding and penultimate holding companies are Uni.Asia Capital Sdn Bhd, Etika Strategi Sdn Bhd and DRB-HICOM Berhad respectively, which are incorporated in Malaysia.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors dated 31 May 2013.

2 SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items that are considered material in relation to the financial statements.

2.1 Basis of Preparation

The financial statements of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards (“MFRS”), International Financial Reporting Standards and comply with the requirements of the Companies Act 1965 in Malaysia. These are the Company’s first financial statements prepared in accordance with MFRS, including MFRS 1 “First-time Adoption of MFRS”. The Company’s first financial statements has included three statements of financial position, two statements of comprehensive income, two statements of cash flows and two statements of changes in equity and related notes, including comparatives. Other than the change in accounting policies as stated in Note 33 to the financial statements, there is no significant financial impact on the adoption of MFRS that requires restatement to the comparative figures in the financial statements. The Company have consistently applied the same accounting policies in its opening MFRS statement of financial position at 1 April 2011 (transition date) and throughout all financial years presented, as if these policies had always been in effect. The restated comparative statements of financial position as at 31 March 2012, comparative income statements, comprehension income, changes in equity and cash flows for the financial year that ended have been audited under the previous financial reporting framework, Financial Reporting Standards in Malaysia.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reported period. It also requires Directors to exercise its judgment in the process of applying the Company’s accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual result may differ.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of Preparation (continued)

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 2.4 to the financial statements.

(a) The new accounting standards, amendments and improvements to published standards and interpretations to the existing standards that are relevant and applicable to the Company's following financial periods are as follows:

- Financial year beginning on/after 1 April 2013

<u>MFRS 13: Fair value measurement</u>

MFRS 13 "Fair value measurement" (effective from 1 January 2013) aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across MFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards. The enhanced disclosure requirements are similar to those in MFRS 7 "Financial Instruments: Disclosures", but apply to all assets and liabilities measured at fair value, not just financial ones. The Company will apply this standard from financial periods beginning on 1 April 2013.

<u>Amendment to MFRS 7: Financial Instruments: Disclosures</u>

Amendment to MFRS 7 "Financial Instruments: Disclosures" (effective from 1 January 2013) requires more extensive disclosures focusing on quantitative information about recognised financial instruments that are subject to offset in the statement of financial position and those that are subject to master netting or similar arrangements irrespective of whether they are offset. The Company will apply this standard from financial periods beginning on 1 April 2013.

<u>Amendment to MFRS 101: Presentation of items of other comprehensive income</u>

Amendment to MFRS 101 "Presentation of items of other comprehensive income" (effective from 1 July 2012) requires entities to separate items presented in 'other comprehensive income' (OCI) in the statement of comprehensive income into two groups, based on whether or not they may be recycled to profit or loss in the future. The amendments do not address which items are presented in OCI.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of Preparation (continued)

(a) The new accounting standards, amendments and improvements to published standards and interpretations to the existing standards that are relevant and applicable to the Company's following financial periods are as follows: (continued)

- Financial year beginning on/after 1 April 2014

  MFRS 132: Financial Instruments: Presentation

  Amendment to MFRS 132 "Financial Instruments: Presentation" (effective from 1 January 2014) does not change the current offsetting model in MFRS 132. It clarifies the meaning of 'currently has a legally enforceable right of set-off' that the right of set-off must be available today (not contingent on a future event) and legally enforceable for all counterparties in the normal course of business. It clarifies that some gross settlement mechanisms with features that are effectively equivalent to net settlement will satisfy the MFRS 132 offsetting criteria. The Company will apply this standard from financial periods beginning on 1 April 2014.

- Financial year beginning on/after 1 April 2015

  MFRS 9: Financial Instruments

  MFRS 9 "Financial Instruments - classification and measurement of financial assets and financial liabilities" (effective from 1 January 2015) replaces the multiple classification and measurement models in MFRS 139 with a single model that has only two classification categories: amortised cost and fair value. The basis of classification depends on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

  The accounting and presentation for financial liabilities and for de-recognising financial instruments has been relocated from MFRS 139, without change, except for financial liabilities that are designated at fair value through profit or loss ("FVTPL"). Entities with financial liabilities designated at FVTPL recognise changes in the fair value due to changes in the liability's credit risk directly in other comprehensive income ("OCI"). There is no subsequent recycling of the amounts in OCI to profit or loss, but accumulated gains or losses may be transferred within equity.

  The guidance in MFRS 139 on impairment of financial assets and hedge accounting continues to apply.

  MFRS 7 requires disclosures on transition from MFRS 139 to MFRS 9. The Company will apply this standard from financial periods beginning on 1 April 2015.

  The Company is in the process of accessing the impact of adopting MFRS 9 on the Company's prevailing accounting policies.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Foreign Currencies

(a) Functional and presentation currency

The financial statements are presented in Ringgit Malaysia (“RM”), which is the Company’s functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

(b) Transactions and balances

Foreign currency transactions of the Company are translated into the functional currency using the exchange rates prevailing at the transaction dates. Foreign currency monetary assets and liabilities are translated at exchange rates prevailing at the statement of financial position date.

Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in the income statement.

2.3 Summary of Significant Accounting Policies

(a) Properties and equipment

Properties and equipment are initially stated at cost. Land and building are subsequently shown at fair value, based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation and impairment losses. Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other properties and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are 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 financial year in which they are incurred.

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

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of Significant Accounting Policies (continued)

(a) Properties and equipment (continued)

Freehold land is not depreciated as it has an infinite life. Other properties and equipment are depreciated on a straight line basis to write off the cost of the assets, or their revalued amounts, to their residual values over their estimated useful lives, summarised as follows:

Freehold building	50 years
Motor vehicles	5 years
Office equipment	4 years
Computers	3 years
Furniture fittings and renovation	5 years

Leasehold buildings are depreciated over the remaining lease term of the leasehold land on which the building resides.

Residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

At each date of the statement of financial position, the Company assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. See accounting policy Note 2.3(v) to the financial statements on impairment of assets.

Gains and losses on disposal are determined by comparing proceeds with the carrying amount and are included in the income statement. On disposal of revalued assets, the revaluation reserves relating to those assets is transferred to retained earnings and/or unallocated surplus.

(b) Intangible assets – computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 5 years.

Costs associated with maintaining computer software programmes are recognised as an expense when incurred. Costs that are directly associated with identifiable and unique software products controlled by the Company, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Costs include employee costs incurred as a result of developing software and an appropriate portion of relevant overheads.

Computer software development costs recognised as assets are amortised using the straight line method over their estimated useful lives of 5 years.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of Significant Accounting Policies

(c) Investment property

Investment property, comprising principally land and office building, is held for long term rental yields or for capital appreciation or both, and is not occupied by the Company.

Investment property is initially stated at cost and subsequently carried at fair value. 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 property is reviewed annually, and a formal valuation by an independent professional valuer is carried out once in every three years or earlier if the carrying value of the investment property differs materially from the fair value. Changes in fair values are recorded in the income statement as part of other income.

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

(d) Prepaid lease property

Payment for rights to use land over the predetermined period is classified as prepaid lease property and is stated at cost less accumulated amortisation and accumulated impairment. The prepaid lease property are amortised on a straight line basis over the lease periods of up to 99 years.

(e) Insurance receivables

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

If there is objective evidence that the insurance receivables are impaired, the Company reduces the carrying amount of the insurance receivable accordingly and recognises that impairment loss in income statement. The Company gathers the objective evidence that an insurance receivable is impaired using the same process adopted for financial assets carried at amortised cost. The impairment loss is calculated under the same method used for these financial assets. These processes are described in Note 2.3(v) to the financial statements.

Insurance receivables are derecognised when the derecognition criteria for financial assets, as described in Note 2.3(v) to the financial statements, have been met.

(f) Cash and cash equivalents

Cash and cash equivalents consist of cash and bank balances, excluding fixed and call deposits.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of Significant Accounting Policies (continued)

(g) Payables

Trade and other payables are classified as current liabilities if payment is due within one year or less.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(h) 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 statement of financial position date and adjusted to reflect the current best estimate.

(i) Borrowings

Borrowings are recognised initially at the amount of proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost, using the effective interest rate method; any difference between proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings.

Interest relating to borrowings is reported within finance costs in the income statement.

(j) Share capital

Proceeds from ordinary shares issued are accounted for as equity, with the nominal value of the share being separately disclosed as share capital. Costs directly attributable to the issuance of new ordinary shares are accounted for as a deduction from equity.

Dividends to equity holders are recognised as a liability in the period in which they are declared.

(k) Contingent liabilities and contingent assets

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of Significant Accounting Policies (continued)

(l) Employee benefits

(i) Short term employee benefits

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

(ii) Defined contribution plans

A defined contribution plan is a pension plan under which the Company pays fixed contributions to the state pension scheme, the Employees Provident Fund ("EPF").

The Company's contributions to defined contribution plans are charged to the income statement in the financial year to which they relate. Once the contributions have been made, the Company has no further payment obligations.

(m) Product classification

The Company issues contracts that transfer insurance risk or financial risk or both.

Financial risk is the risk of a possible future change in one or more of a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of price or rate, credit rating or credit index or other variable, provided in the case of non-financial variable that the variable is not specific to a party to the contract. Insurance risk is the risk other than financial risk. All discretionary participation features ("DPF") liabilities, including unallocated surpluses, both guaranteed and discretionary at the end of the reporting year are held within insurance liabilities.

Insurance contracts are those contracts that transfer significant insurance risk. An insurance contract is a contract under which the Company (the insurer) has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. As a general guideline, the Company determines whether it has significant insurance risk, by comparing benefits paid with benefits payable if the insured event did not occur. The Company defines insurance risk to be significant when the ratio of the insurance risk over the deposit component is not less than 105% of the deposit component at any point of the insurance contract in force.

Investment contracts are those contracts that do not transfer significant insurance risk.

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 expire. Investment contracts can, however, be reclassified as insurance contracts after inception if insurance risk becomes significant.

Based on the Company's assessment, all contracts underwritten by the Company meet the definition of insurance contracts and accordingly are classified as insurance contracts.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of Significant Accounting Policies (continued)

(m) Product classification (continued)

Insurance and investment contracts are further classified as being either with or without DPF. DPF is a contractual right to receive, as supplement to guaranteed benefits, additional benefits that are:

i) Likely to be significant portion of the total contractual benefits;

ii) Whose amount or timing is contractually at the discretion of the issuer, and

iii) That are contractually based on the:
- performance of a specified pool of contracts or a specified type of contract;
- realised and/or unrealised investment returns on a specified pool of assets held by the issuer; or
- the profit or loss of the Company, fund or other entity that issues the contract.

Local statutory regulations and the terms and conditions of these contracts set out the bases for the determination of the amounts on which the additional discretionary benefits are based (the DPF eligible surplus) and within which the Company may exercise its discretion as to the quantum and timing of their payment to contract holders of the eligible surplus must be attributed to contract holders as a group (which can include future contract holders); the amount and timing of the distribution to individual contract holders is at the discretion of the Company, subject to the advice of the Appointed Actuary. All DPF liabilities, including unallocated surpluses both guaranteed and discretionary, at the end of the reporting year are held within insurance liabilities.

Surpluses in the non-DPF funds are attributable wholly to the shareholders, and the amount and timing of distribution to shareholders is subject to the advice of the Company's Appointed Actuary.

For financial options and guarantees which are not closely related to the host insurance contract and/or investment contract with DPF, bifurcation is required the embedded derivative is itself an insurance contract and/or investment contract with DPF, or if the host insurance contract and /or investment contract itself is measured at fair value through profit or loss.

When insurance contracts contain both a financial risk component and significant insurance risk component and the cash flows from the two components are distinct and can be measured reliably, the underlying amounts are unbundled. Any premiums relating to the insurance risk component are accounted for on the same bases as insurance contracts and the remaining element is accounted for as a deposit through the statement of financial position similar to investment contracts.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of Significant Accounting Policies (continued)

(n) Reinsurance

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

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

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

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

(o) Life insurance contract liabilities

Life insurance contract liabilities comprise:

(i) Actuarial liabilities

(ii) Unallocated surplus of DPF contracts

(iii) Claims liabilities

(iv) Available-for-sale fair value reserves

(v) Asset revaluation reserves

(vi) Net asset value attributable to unit holders

A liability for contractual benefits that are expected to be incurred in the future is recorded when the premiums are recognised. The valuation of life insurance contract liabilities is determined according to BNM's Risk-Based Capital Framework ("RBC Framework") as follows:

<u>Participating fund insurance contract liabilities</u>

Participating plans are valued using a prospective actuarial valuation based on the sum of the present value of future guaranteed and appropriate level of non-guaranteed benefits, and the expected future management and distribution expenses, less the present value of future gross considerations arising from the policy discounted at the appropriate risk discount rate.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of Significant Accounting Policies (continued)

(o) Life insurance contract liabilities (continued)

Participating fund insurance contract liabilities (continued)

The participating life insurance liability is taken as the higher of the guaranteed benefit liabilities or the total benefit liabilities.

Non-participating fund insurance contract liabilities

The liability of non-participating life plans is valued using a prospective actuarial valuation based on the sum of the present value of future benefits, and the expected future management and distribution expenses, less the present value of future gross considerations arising from the policy discounted at the appropriate risk discount rate.

Investment-linked fund insurance contract liabilities

The liability is the sum of:

(i) The unit reserves, calculated as the value of the underlying assets backing the units relating to the policy; and

(ii) The non-unit reserves are determined by projecting future cashflows to ensure that all future outflows can be met without recourse to additional finance or capital support at any future time during the duration of the investment-linked policy.

Unallocated surplus

Surpluses in the DPF are distributable to policyholders and shareholders in accordance with the relevant terms under the insurance contracts. The Company, however, has the discretion over the amount and timing of the distribution of these surpluses to policyholders and shareholders. Surpluses in the non-DPF fund are attributable wholly to the shareholders and the amount and timing of the distribution to the shareholders is subject to the advice of the Company's Appointed Actuary.

Following the transition to MFRS, the unallocated surplus, AFS fair value reserves and assets revaluation reserves of the life insurance non DPF fund are classified as equity components in the statement of financial position. These changes to the accounting policies are adopted retrospectively as described in Note 33 to the financial statements.

Liability adequacy test

BNM Guidelines on Financial Reporting for Insurers (BNM/RH/GL003-28) stipulates that insurers are deemed to comply with the requirements of the liability adequacy test under MFRS 4 Insurance Contracts as long as the valuation methods used are in accordance with Appendix VI or Appendix VII of the RBC Framework for Insurers. As the Company complies with the valuation method stipulated in the RBC Framework, the Company is deemed to comply with the liability adequacy test.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of Significant Accounting Policies (continued)

(o) Life insurance contract liabilities (continued)

Claims liabilities

Claims liabilities represent the amount payable under a life insurance policy in respect of claims including settlement costs, are accounted for using the case-by-case method as set out above under benefits, claims and expenses.

AFS fair value reserves

Where unrealised gains or losses arise on AFS financial assets of the life participating fund, the adjustment to the insurance contact liabilities equal to the effect that the realisation of these gains or losses at the end of the reporting period would have on these liabilities that is recognised directly in the other comprehensive income.

Asset revaluation reserves

Asset revaluation reserves represent unrealised gains arising from the revaluation of self-occupied properties of the Life fund. The reserves arising in DPF and non-DPF is reported as a separate component of insurance contract liabilities and equity respectively until the properties are derecognised or the properties are determined to be impaired.

The surplus arising from the revaluation of the DPF's assets may be distributed by way of bonuses to life policyholders, subject to the limit that the amount distributed should not be more than 30% of the addition to revaluation reserves or 10% of the market value of the revalued property, whichever is lower (where applicable).

Net asset value attributable to unit holders

The unit liabilities of investment-linked policy is equal to the net asset value of the investment-linked funds, which represent net premium received and investment returns credited to the policy less deduction for mortality and morbidity costs and expenses charges.

(p) Life insurance underwriting results

Distribution of life fund surplus to the shareholders

The surplus distributable from the life insurance fund to the shareholders is based on the surplus determined by an annual actuarial valuation of the long term liabilities to policyholders, made in accordance with the provisions of the Insurance Act, 1996 and related regulations by the Company's Appointed Actuary.

Gross premiums

Premium income includes premium recognised in the life fund and the Investment-linked funds. Premium income of the life fund is recognised as soon as the amount of the premium can be reliably measured. First premium is recognised from inception date and subsequent premium is recognised when it is due.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of Significant Accounting Policies (continued)

(p) Life insurance underwriting results (continued)

Gross premiums (continued)

At the end of the financial year, all due premiums are accounted for to the extent that they can be reliably measured.

Premium income of the Investment-linked funds is in respect of the net creation of units which represents premiums paid by policyholders as payment for a new contract or subsequent payments to increase the amount of that contract. Net creation of units is recognised on a receipt basis.

Reinsurance premium

Outward reinsurance premium are recognised in the same accounting period as the original policies to which the reinsurance relates.

Commission and agency expenses

Commission and agency expenses, which are costs directly incurred in securing premium on insurance policies, net of income derived from reinsurers in the course of ceding of premium to reinsurers, are charged to income statement in the financial year in which they are incurred.

Benefits, claims and expenses

Benefits and claims that are incurred during the financial year are recognised when a claimable event occurs and/or when the insurer is notified.

Recoveries on reinsurance claims are accounted for in the same financial year as the original claims are recognised.

Benefits and claims arising on life insurance policies including settlement costs, less reinsurance recoveries, are accounted for using the case basis method and for this purpose, the benefits payable under a life insurance policy are recognised as follows:

(i) maturity or other policy benefit payments due on specified dates are treated as claims payable on the due dates; and

(ii) death, surrender and other benefits without due dates are treated as claims payable, on the date of receipt of intimation of death of the assured or occurrence of contingency covered.

(q) Other revenue recognition

Interest income on loans is recognised on an accrual basis except where a loan is considered non-performing, 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.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of Significant Accounting Policies (continued)

(q) Other revenue recognition (continued)

Other interest income including the amount of amortisation of premium and accretion of discount is recognised on a time proportion basis that takes into account the effective yield of the assets.

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, income is recognised on the receipt basis until all arrears have been paid.

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

Profits or losses arising on disposal of investments are credited or charged to the income statement.

(r) Taxation

Income tax on 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 reporting date.

Deferred tax is recognised in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences or unused tax losses can be utilised.

Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantially enacted by the date of the statement of financial position and are expected to apply when the related deferred tax asset is realised or when the deferred tax liability is settled.

(s) Dividends

Dividends on ordinary shares are recognised as a liability in the financial year in which it is declared.

(t) Financial Instruments

Classification, recognition and measurement of financial assets

The Company classifies its financial assets into the following categories: financial assets at fair value through profit or loss (“FVTPL”), held-to-maturity (“HTM”) financial assets, available-for-sale (“AFS”) financial assets and loans and receivables (“LAR”).

The classification depends on the purpose for which the investments were acquired or originated. Management determines the classification of its investments at initial recognition and re-evaluates this at every reporting date.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of Significant Accounting Policies (continued)

(t) Financial Instruments (continued)

Classification, recognition and measurement of financial assets (continued)

(i) FVTPL

Financial assets at FVTPL include financial assets held for trading and those designated at fair value through income statement at inception. Investments typically bought with the intention to sell in the near future are classified as held-for-trading. For investments designated at fair value through profit or loss, the following criteria must be met:

- the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on a different basis, or

- the assets and liabilities are part of a group of financial assets, financial liabilities or both which are managed and their performance are evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

These investments are initially recorded at fair value and transaction costs are expensed in income statement. Subsequent to initial recognition, these investments are re-measured at fair value. Fair value adjustments and realised gains and losses are recognised in the profit and loss.

(ii) HTM

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as HTM when the Company has the positive intention and ability to hold until maturity. These investments are initially recognised at cost, being the fair value of the consideration paid for the acquisition of the investment. After initial measurement, HTM financial assets are measured at amortised cost, using the effective yield method, less allowance for impairment. Gains and losses recognised in income statement when the investments are derecognised or impaired, as well as through the amortisation process.

(iii) 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 investments. All transaction costs directly attributable to the acquisition are also included in the cost of the investments. After initial measurement, loans and receivables are measured at amortised cost, using the effective yield method, less allowance for impairment. Gains and losses are recognised in income statement when the investments are derecognised or impaired, as well as through the amortisation process.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of Significant Accounting Policies (continued)

(t) Financial Instruments (continued)

(iv) AFS

AFS are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories. These investments are initially recognised at cost, being the fair value of the consideration paid for the acquisition of the investments. After initial measurement, AFS are remeasured at fair value.

Fair value gains and losses of these investments are reported as a separate component of equity or insurance contract liabilities until the investments are derecognised or the investments are determined to be impaired.

On derecognition or impairment, the cumulative fair value gains and losses previously reported in equity or insurance contract liabilities is transferred to income statement.

Derecognition and impairment of financial assets

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or when they have been transferred and the Company have also transferred substantially all risks and rewards of ownership.

All financial assets, except for FVTPL, are subject to review for impairment (see Note 2.3(v) to the financial statements).

(u) Fair value of financial instruments

The fair value of financial instruments that are actively traded in organised financial markets is determined by reference to quoted market bid prices for assets and other prices for liabilities, at the close of business on the reporting date.

For investments in unit and real estate investments trusts, fair value is determined by reference to published bid values.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of Significant Accounting Policies (continued)

(u) Fair value of financial instruments (continued)

For financial instruments where there is no active market, the fair value is determined by using valuation techniques. Such techniques include using recent arm's length transactions, reference to the current market value of another instrument which is substantially the same, discounted cash flow analysis and/or option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs. For discounted cash flow techniques, estimated future cash flows are based on management's best estimates and the discount rate used is a market related rate for a similar instrument. Certain financial instruments are valued using pricing models that consider, among others factors, contractual and market prices, co-relation, time value of money, credit risk, yield curve volatility factors and/or prepayment rates of the underlying positions. The use of different pricing models and assumptions could produce materially different estimates of fair values.

The fair value of floating rate and over-night deposits with financial institutions is their carrying value i.e. the cost of the deposits/placements and accrued interest/profits. The fair value of fixed interest/yield-bearing deposit is estimated using discounted cash flow techniques. Expected cash flows are discounted at current market rates for similar instruments at the reporting date.

If the fair value cannot be measured reliably, these financial instruments are measured at cost, being the fair value of the consideration paid for the acquisition of the instrument or the amount received on issuing the financial liability. All transaction costs directly attributable to the acquisition are also included in the cost of the investment.

(v) Impairment of assets

Financial assets

The Company assesses at each reporting date whether a financial asset or group financial assets is impaired.

If there is objective evidence that an impairment loss on assets carried at amortised cost has been incurred, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the impairment loss is recorded in the income statement.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of Significant Accounting Policies (continued)

(v) Impairment of assets (continued)

- Assets carried at amortised costs

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

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. Any subsequent reversal of an impairment loss is recognised in income statement, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

- AFS financial assets

If an AFS financial asset is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in other comprehensive income, is transferred from equity or insurance contract liabilities to income statement. Reversals in respect of equity instruments classified as AFS are not recognised in income statement. Reversals of impairment losses on debt instruments classified as AFS are reversed through income statement if the increase in the fair value of the instruments can be objectively related to an event occurring after the impairment losses were recognised in the income statement.

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. Impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there is separately identifiable cash flows.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of Significant Accounting Policies (continued)

(v) Impairment of assets (continued)

Non-financial assets that had suffered impairment are reviewed for possible reversal of the impairment at each reporting date. The impairment loss is charged to income statement unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. Any subsequent increase in recoverable amount is recognised in income statement unless it reverses an impairment loss on a revalued asset, in which case it is taken a revaluation surplus.

2.4 Critical Accounting Estimates and Judgements

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

A. Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting will by definition rarely equal the related actual results.

To enhance the information contact of the estimates, certain key variables that are anticipated to have material impact to the Company's results and financial position are tested for sensitivity to changes in the underlying parameters. 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 life insurance contract liabilities

The valuation of the ultimate liability arising from policy benefits made under life insurance contracts is the Company's most critical accounting estimate.

The main assumptions used relate to mortality, morbidity, expenses, persistency and discount rates. The Company bases mortality and morbidity on established industry and Malaysian tables which reflect historical experiences, adjusted when appropriate to reflect the Company's unique risk exposure, product characteristics, targets markets and own claims severity and frequency experiences.

Estimates are also made as to future investment income arising from the assets backing life insurance contracts. These estimates are based on current market return as well as expectation about future economic and financial developments.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Critical Accounting Estimates and Judgements (Continued)

A. Critical accounting estimates and assumptions (Continued)

Assumptions on future expenses are based on company experience investigations, adjusted for expected expense inflation adjustments, if appropriate. An expense overrun provision is also held currently. Lapse and surrender rates are based on the Company's historical experience of lapses and surrenders.

Discount rates for non-participating policies, guaranteed benefits of participating policies and the non-unit liability of investment-linked policies are based on the yields available on Malaysian Government Securities ("MGS") of the term up to 15 years. In the case of total benefits liabilities of participating policies, the discount rate is based on the historical yield and future investment outlook of the participating fund, net of tax on investment income of the life fund.

Any movement in the above key assumptions will have an effect in determining the insurance business liabilities. It should be noted that movements in these assumptions are non-linear and would vary according to the current economic assumptions.

Refer to Note 32 to the financial statements for the sensitivity analysis of the above mentioned key assumptions.

B. Critical judgements 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. However, the Directors are of the opinion that there are currently no accounting policies, which require significant judgment to be exercised.

3 PROPERTIES AND EQUIPMENT

	Note	Freehold land RM'000	Buildings RM'000	Motor vehicles RM'000	Office equipment and computers RM'000	Furniture fittings and renovation RM'000	Total RM'000
Cost/Valuation							
At 1 April 2012		6,600	10,050	542	12,900	5,055	35,147
Additions		-	928	-	357	1,708	2,993
Disposals		-	-	(125)	(356)	(5)	(486)
Transfer between properties and equipment		-	-	-	(12)	12	-
Transfer from intangible assets	5	-	-	-	35	-	35
Elimination of accumulated depreciation		-	(179)	-	-	-	(179)
Revaluation surplus/(reversal)	12	945	(640)	-	-	-	305
Revaluation surplus/(reversal) recorded in other comprehensive income		255	(209)	-	-	-	46
At 31 March 2013		7,800	9,950	417	12,924	6,770	37,861
Accumulated Depreciation							
At 1 April 2012		-	-	277	11,745	3,287	15,309
Disposals		-	-	(60)	(356)	(4)	(420)
Transfer from intangible assets	5	-	-	-	3	-	3
Elimination of accumulated depreciation		-	(179)	-	-	-	(179)
Depreciation charge		-	179	36	639	821	1,675
At 31 March 2013		-	-	253	12,031	4,104	16,388
Net Book Value							
At 31 March 2013		7,800	9,950	164	893	2,666	21,473

UNI.ASIA LIFE ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013 (CONTINUED)

3 PROPERTIES AND EQUIPMENT (CONTINUED)

	Note	Freehold land	Buildings	Motor vehicles	Office equipment and computers	Furniture fittings and renovation	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cost/Valuation							
At 1 April 2011		6,300	5,260	640	12,285	4,696	29,181
Additions		-	-	-	680	505	1,185
Disposals		-	-	(98)	(78)	(146)	(322)
Transfer from investment property	4	-	5,000	-	-	-	5,000
Transfer from intangible assets	5	-	-	-	13	-	13
Elimination of accumulated depreciation		-	(178)	-	-	-	(178)
Revaluation surplus/(reversal)	12	236	(21)	-	-	-	215
Effects on changes in accounting policies	33	64	(11)				53
At 31 March 2012 (as restated)		6,600	10,050	542	12,900	5,055	35,147
Accumulated Depreciation							
At 1 April 2011		-	-	236	11,173	2,914	14,323
Disposals		-	-	(98)	(78)	(146)	(322)
Elimination of accumulated depreciation		-	(178)	-	-	-	(178)
Depreciation charge		-	178	139	650	519	1,486
At 31 March 2012 (as restated)		-	-	277	11,745	3,287	15,309
Net Book Value							
At 31 March 2012 (as restated)		6,600	10,050	265	1,155	1,768	19,838

3 PROPERTIES AND EQUIPMENT (CONTINUED)

	Note	Freehold land RM'000	Buildings RM'000	Motor vehicles RM'000	Office equipment and computers RM'000	Furniture fittings and renovation RM'000	Total RM'000
Cost/Valuation							
At 1 April 2010		5,800	5,460	640	11,950	3,812	27,662
Additions		-	-	-	566	1,132	1,698
Disposals		-	-	-	(231)	(248)	(479)
Elimination of accumulated depreciation		-	(59)	-	-	-	(59)
Revaluation surplus /(reversal)	12	394	600	-	-	-	994
Effects on changes in accounting policies	33	106	(741)	-	-	-	(635)
At 31 March 2011/ 1 April 2011 (as restated)		6,300	5,260	640	12,285	4,696	29,181
Accumulated Depreciation							
At 1 April 2010		-	-	171	10,644	2,725	13,540
Disposals		-	-	-	(223)	(247)	(470)
Elimination of accumulated depreciation		-	(59)	-	-	-	(59)
Depreciation charge		-	59	65	752	436	1,312
At 31 March 2011/1 April 2011 (as restated)		-	-	236	11,173	2,914	14,323
Net Book Value							
At 31 March 2011/1 Aprial 2011 (as restated)		6,300	5,260	404	1,112	1,782	14,858

The land and building were revalued in 2013 based on open market values of the properties on existing use basis carried out by an independent professional valuer, Knight Frank, Registered Valuer (V-335).

3 PROPERTIES AND EQUIPMENT (CONTINUED)

Had the freehold building 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 financial year are as follows:

	31.03.2013 RM'000	31.03.2012 RM'000	01.04.2011 RM'000
Freehold building and long term leasehold buildings	5,930	5,084	5,161

The long term leasehold buildings have unexpired lease periods ranging from 66 years to 81 years (2012: 67 years to 82 years)

4 INVESTMENT PROPERTY

	Note	31.03.2013 RM'000	31.03.2012 RM'000	01.04.2011 RM'000
At 1 April		4,850	9,800	9,500
Transfer to properties and equipment	3	-	(5,000)	-
Fair value changes	21	150	50	300
At 31 March		5,000	4,850	9,800
The following investment property is held under lease terms:				
Leasehold land and building		5,000	4,850	9,800

Investment property is stated at fair value, which had been determined based on valuations performed by an external independent professional valuer in 2013. Valuation is performed on an annual basis and fair value changes are recorded in the income statement. Investment property was revalued in 2013 based on open market values of the properties on existing use basis carried out by an independent professional valuer, Knight Frank, Registered Valuer (V-335).

The following are recognised in the income statement in respect of investment property:

	31.03.2013 RM'000	31.03.2012 RM'000
Rental income	254	266
Direct operating expenses	(8)	(15)

5 INTANGIBLE ASSETS

	Note	31.03.2013 RM'000	31.03.2012 RM'000	01.04.2011 RM'000
Software Costs				
Cost				
At 1 April		7,449	6,812	3,678
Additions		888	650	3,134
Write-off		(1,062)	-	-
Transfer to properties and equipment	3	(35)	(13)	-
At 31 March		7,240	7,449	6,812
Accumulated Amortisation				
At 1 April		2,810	1,483	651
Charge for the financial year		1,353	1,327	832
Write-off		(301)	-	-
Transfer to properties and equipment	3	(3)	-	-
At 31 March		3,859	2,810	1,483
Net Book Value				
At 31 March		3,381	4,639	5,329

6 PREPAID LEASE PROPERTY

	31.03.2013 RM'000	31.03.2012 RM'000	01.04.2011 RM'000
Life Fund			
Cost			
At 1 April / 31 March	265	265	265
Accumulated Amortisation			
At 1 April	15	12	9
Charge for the financial year	4	3	3
At 31 March	19	15	12
Net Book Value			
At 31 March	246	250	253

7 INVESTMENTS

	31.03.2013	31.03.2012	01.04.2011
	RM'000	RM'000	RM'000
Malaysian Government Securities	114,244	140,649	170,855
Debt securities	1,178,926	1,227,943	1,069,383
Equity securities	190,061	193,969	208,639
Structured investments	80,054	82,277	112,568
Unit and property trust funds	80,042	103,559	112,024
Loans	87,407	82,156	76,724
Fixed and call deposits	635,927	397,128	384,957
	2,366,661	2,227,681	2,135,150
Held-to-maturity financial assets ("HTM")	383,961	415,172	332,758
Loans and receivables ("LAR")	723,334	479,284	461,681
Available-for-sale financial assets ("AFS")	897,842	941,339	897,300
Fair value through profit and loss ("FVTPL")	361,524	391,886	443,411
	2,366,661	2,227,681	2,135,150
The following investments mature after 12 months:			
HTM	363,691	389,664	323,784
LAR	86,728	86,040	74,746
AFS	865,195	904,042	843,968
	1,315,614	1,379,746	1,242,498

(a) HTM

	31.03.2013	31.03.2012	01.04.2011
	RM'000	RM'000	RM'000
Amortised Cost			
Unquoted in Malaysia			
Malaysian Government Securities	20,004	20,021	20,037
Debt securities	358,887	389,721	308,648
Accrued interest	5,070	5,430	4,073
	383,961	415,172	332,758
Fair Value			
Unquoted in Malaysia			
Malaysian Government Securities	20,489	20,687	20,707
Debt securities	342,076	407,799	320,958
Accrued interest	5,070	5,430	4,073
	367,635	433,916	345,738

7 INVESTMENTS (CONTINUED)

b) LAR

	31.03.2013 RM'000	31.03.2012 RM'000	01.04.2011 RM'000
Amortised Cost			
Fixed and call deposits	633,074	396,534	384,754
Policy loans	30,238	25,477	21,623
Secured loans	45,888	45,747	45,000
Unsecured loans	2,101	3,208	3,664
Staff loans	-	-	3
Accrued interest	12,033	8,318	6,637
	723,334	479,284	461,681
Fair Value			
Fixed and call deposits	633,074	396,534	384,754
Policy loans	30,238	25,477	21,623
Secured loans	45,888	45,747	45,000
Unsecured loans	2,101	3,208	3,664
Staff loans	-	-	3
Accrued interest	12,033	8,318	6,637
	723,334	479,284	461,681

Fixed and call deposits of the Company have an average maturity of 101 days (2012: 142 days). The interest rate per annum of fixed deposits, that was effective as at the end of the reporting period, was 3.24% per annum (2012: 3.23% per annum)

c) AFS

	31.03.2013 RM'000	31.03.2012 RM'000	01.04.2011 RM'000
Fair Value			
Unquoted in Malaysia			
Equity securities	2,140	2,139	2,138
Debt securities	792,261	809,203	735,874
Malaysian Government Securities	93,418	119,517	149,666
Accrued interest	10,023	10,480	9,622
	897,842	941,339	897,300

7 INVESTMENTS (CONTINUED)

(d) FVTPL

	31.03.2013	31.03.2012	01.04.2011
	RM'000	RM'000	RM'000
Fair Value			
Quoted in Malaysia			
Held-for-Trading			
Equity securities	138,703	148,830	155,791
Unit and property trust funds	15,815	18,782	16,711
By Designation			
Equity securities	42,032	42,999	50,710
Unit and property trust funds	1,770	392	-
Quoted outside Malaysia			
By Designation			
Equity securities	7,185	-	-
Unquoted in Malaysia			
By Designation			
Debt securities	13,358	14,009	12,116
Accrued interest	151	212	202
Structured investments	80,054	82,277	112,568
Unit and property trust funds	5,176	5,051	-
Unquoted outside Malaysia			
Held-for-Trading			
Unit and property trust funds	4,516	7,763	7,282
By Designation			
Unit and property trust funds	52,764	71,571	88,031
	361,524	391,886	443,411

7 INVESTMENTS (CONTINUED)

(e) Carrying Value of Financial Investments

	HTM RM'000	AFS RM'000	FVTPL RM'000	Total RM'000
At 1 April 2012	415,172	941,339	391,886	1,748,397
Purchases	5,021	98,096	315,737	418,854
Maturities/disposals/proceeds	(36,492)	(134,660)	(364,517)	(535,669)
Realised gains	506	6,028	11,075	17,609
Fair value losses recorded in:				
Income statement	-	-	7,404	7,404
Other comprehensive income	-	(9,019)	-	(9,019)
Movement in impairment allowance	-	(3,089)	-	(3,089)
Accretion of discount	114	(396)	-	(282)
Movement of investment income accrued	(360)	(457)	(61)	(878)
At 31 March 2013	383,961	897,842	361,524	1,643,327
At 1 April 2011	332,758	897,300	443,411	1,673,469
Purchases	173,679	341,429	480,130	995,238
Maturities/disposals/proceeds	(98,221)	(322,429)	(515,542)	(936,192)
Realised gains	4,930	9,631	7,493	22,054
Fair value losses recorded in:				
Income statement	-	-	(23,616)	(23,616)
Other comprehensive income	-	12,716	-	12,716
Accretion of discount	669	1,834	-	2,503
Movement of investment income accrued	1,357	858	10	2,225
At 31 March 2012 (as restated)	415,172	941,339	391,886	1,748,397
At 1 April 2010	285,668	716,578	362,603	1,364,849
Purchases	50,546	313,374	561,700	925,620
Maturities/disposals/proceeds	(5,100)	(157,303)	(519,017)	(681,420)
Realised gains	245	2,196	11,411	13,852
Fair value gains recorded in:				
Income statement	-	-	26,728	26,728
Other comprehensive income	-	21,905	-	21,905
Movement in impairment allowance	-	(3,007)	-	(3,007)
Accretion of discount	878	1,994	-	2,872
Movement of investment income accrued	521	1,563	(14)	2,070
At 31 March 2011/01 April 2011 (as restated)	332,758	897,300	443,411	1,673,469

7 INVESTMENTS (CONTINUED)

(f) Estimation of Fair Value

Fair Value Hierarchy Disclosure

The following table presents the company's assets that are measured at fair value,

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total Balance RM'000
31 March 2013				
Assets				
Financial assets at FVTPL				
Trading securities	205,505	156,019	-	361,524
AFS				
Equity securities	-	-	2,140	2,140
Debt securities	-	895,702	-	895,702
	205,505	1,051,721	2,140	1,259,366
31 March 2012				
Assets				
Financial assets at FVTPL				
Trading securities	211,003	180,883	-	391,886
AFS				
Equity securities	-	-	2,139	2,139
Debt securities	-	939,200	-	939,200
	211,003	1,120,083	2,139	1,333,225
01 April 2011				
Assets				
Financial assets at FVTPL				
Trading securities	223,212	220,199	-	443,411
AFS				
Equity securities	-	-	2,138	2,138
Debt securities	-	895,162	-	895,162
	223,212	1,115,361	2,138	1,340,711

7 INVESTMENTS (CONTINUED)

(f) Estimation of Fair Value (continued)

Fair Value Hierarchy Disclosure (continued)

Level 3

	31.03.2013 RM'000	31.03.2012 RM'000	01.04.2011 RM'000
At beginning of financial year	2,139	2,138	2,103
Total gains or losses for the period recognised in income statement, presented in insurance contract liabilities	1	1	(22)
Movement in impairment allowance	-	-	57
At end of financial year	2,140	2,139	2,138

Level 1

Included in the quoted price category are financial instruments that are measured in whole or in part by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, secondary market via dealer and broker, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2

Financial instruments measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions are instruments for which pricing is obtained via pricing services but where prices have not been determined in an active market, instruments with fair values based on broker quotes, investment in unit and property trusts with fair values obtained via fund managers and instruments that are valued using the Company's own models whereby the majority of assumptions are market observable.

Level 3

Investments classified within level 3 have significant unobservable inputs, as they trade infrequently. Level 3 instruments include private equity securities. As observables prices are not available for those securities, the Directors have used valuation techniques to derive the fair value.

7 INVESTMENTS (CONTINUED)

(f) Estimation of Fair Value (Continued)

Impaired Financial Assets

At 31 March 2013, impaired financial assets comprised of available-for-sales ("AFS") financial assets of RM3,088,750 (31.3.2012:NIL; 1.4.2011:RM7,659,000). A reconciliation of the allowance for impairment losses for AFS financial assets is as follows:

	31.03.2013	31.03.2012	01.04.2011
	RM'000	RM'000	RM'000
At 1 April	-	7,659	4,595
Charge for the financial year	3,089	-	3,064
Recoveries	-	(7,659)	-
At 31 March	3,089	-	7,659

8 REINSURANCE ASSETS

	31.03.2013	31.03.2012	01.04.2011
	RM'000	RM'000	RM'000
Reinsurance of insurance contracts (Note 12)			
Claims liabilities	3,376	6,397	2,911
Actuarial liabilities	4,984	4,969	(584)
	8,360	11,366	2,327

9 INSURANCE RECEIVABLES

	31.03.2013 RM'000	31.03.2012 RM'000	01.04.2011 RM'000
Outstanding premiums including agents, brokers and co-insurers balances	6,508	5,745	5,784
Amounts due from reinsurers	2,313	1,993	3,001
Allowance for impairment	(22)	(493)	(22)
	8,799	7,245	8,763

Impairment movement

At 1 April	(493)	(22)	(106)
Charge for the financial year	471	(471)	-
Recoveries	-	-	84
At 31 March	(22)	(493)	(22)

10 OTHER RECEIVABLES

	31.03.2013 RM'000	31.03.2012 RM'000	01.04.2011 RM'000
Income due and accrued	450	446	682
Other receivables, deposits and prepayments	5,536	15,046	1,058
Allowance for impairment	-	-	(118)
	5,986	15,492	1,622
Receivables after 12 months:	343	479	404

Impairment movement

At 1 April	-	(118)	(118)
Recoveries	-	118	-
At 31 March	-	-	(118)

11 SHARE CAPITAL

	31.03.2013		31.03.2012		01.04.2011	
	No. of shares '000	RM'000	No. of shares '000	RM'000	No. of shares '000	RM'000
Authorised:						
Ordinary shares of RM1.00 each						
At beginning and end of financial year	125,000	125,000	125,000	125,000	125,000	125,000
Issued and Paid-up:						
Ordinary shares of RM1.00 each						
At beginning and end of financial year	125,000	125,000	125,000	125,000	125,000	125,000

12 INSURANCE CONTRACT LIABILITIES

	31.03.2013			Restated 31.03.2012			Restated 01.04.2011		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Benefits and claims liabilities	75,644	(3,376)	72,268	55,696	(6,397)	49,299	62,202	(2,911)	59,291
Actuarial liabilities	1,470,007	(4,984)	1,465,023	1,338,216	(4,969)	1,333,247	1,177,880	584	1,178,464
Unallocated surplus	37,499	-	37,499	39,554	-	39,554	51,936	-	51,936
Available-for-sale fair value reserves	9,736	-	9,736	15,654	-	15,654	10,368	-	10,368
Asset revaluation reserves	7,842	-	7,842	7,537	-	7,537	7,322	-	7,322
Net asset value attributable to unitholders	227,472	-	227,472	231,322	-	231,322	275,970	-	275,970
	1,828,200	(8,360)	1,819,840	1,687,979	(11,366)	1,676,613	1,585,678	(2,327)	1,583,351

12 INSURANCE CONTRACT LIABILITIES (CONTINUED)

	Gross			Reinsurance			
	With DPF RM'000	Without DPF RM'000	Total RM'000	With DPF RM'000	Without DPF RM'000	Total RM'000	Net RM'000
At 1 April 2012 (as previously stated)	1,080,877	824,026	1,904,903	36	(11,402)	(11,366)	1,893,537
Effects on changes in accounting policies: (Note 33)							
Unallocated surplus of Non Participating Funds	-	(202,111)	(202,111)	-	-	-	(202,111)
Available-for-sale fair value reserves of Non Participating Funds (net of deferred tax)	-	(12,267)	(12,267)	-	-	-	(12,267)
Asset revaluation reserves of Non Participating funds	-	(2,546)	(2,546)	-	-	-	(2,546)
At 1 April 2012 (as restated)	1,080,877	607,102	1,687,979	36	(11,402)	(11,366)	1,676,613
Change in life insurance fund contract liabilities							
Due to assumptions change							
Expenses	(2,352)	3,281	929	-	-	-	929
Mortality/morbidity	(202)	(2,033)	(2,235)	-	-	-	(2,235)
Lapse/withdrawal	2,034	659	2,693	-	-	-	2,693
Interest and bonus rate	5,687	11,161	16,848	-	(45)	(45)	16,803
Others	(110)	215	105	-	(236)	(236)	(131)
Projected cash flow for inforce policies							
Premium	125,573	106,934	232,507	-	(5,099)	(5,099)	227,408
Investment return	44,715	10,790	55,505	-	(152)	(152)	55,353
Benefits	(87,385)	(57,069)	(144,454)	-	5,540	5,540	(138,914)
Expenses/commission	(18,867)	(23,498)	(42,365)	-	109	109	(42,256)
Variance on inforce policies	11,163	4,094	15,257	-	(134)	(134)	15,123
New business reserves	(897)	(2,086)	(2,983)	-	-	-	(2,983)
Others	(25)	9	(16)	-	2	2	(14)
Benefits and claims experience variation	24,661	(4,713)	19,948	(238)	3,259	3,021	22,969
Net asset value attributable to unit holders	-	(3,850)	(3,850)	-	-	-	(3,850)
Available-for-sale fair value reserves (Note 7(e))	(6,433)	-	(6,433)	-	-	-	(6,433)
Assets revaluation reserves (Note 3)	305	-	305	-	-	-	305
Unallocated surplus	(2,055)	-	(2,055)	-	-	-	(2,055)
Deferred tax effects:							
Available-for-sale fair value reserves (Note 13)	515	-	515	-	-	-	515
At 31 March 2013	1,177,204	650,996	1,828,200	(202)	(8,158)	(8,360)	1,819,840

UNI.ASIA LIFE ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013 (CONTINUED)

12 INSURANCE CONTRACT LIABILITIES (CONTINUED)

	Gross			Reinsurance			
	With DPF RM'000	Without DPF RM'000	Total RM'000	With DPF RM'000	Without DPF RM'000	Total RM'000	Net RM'000
At 1 April 2011 (as previously stated)	982,453	821,058	1,803,511	(554)	(1,773)	(2,327)	1,801,184
Effects on changes in accounting policies: (Note 33)							
Unallocated surplus of Non Participating Funds	-	(208,251)	(208,251)	-	-	-	(208,251)
Available-for-sale fair value reserves of Non Participating Funds (net of deferred tax)	-	(7,089)	(7,089)	-	-	-	(7,089)
Asset revaluation reserves of Non Participating funds (net of deferred tax)	-	(2,493)	(2,493)	-	-	-	(2,493)
At 1 April 2011 (as restated)	982,453	603,225	1,585,678	(554)	(1,773)	(2,327)	1,583,351
Change in life insurance fund contract liabilities							
Due to assumptions change							
Mortality/morbidity	730	2,466	3,196	-	-	-	3,196
Lapse/withdrawal	3,340	704	4,044	-	-	-	4,044
Interest and bonus rate	14,072	17,317	31,389	-	(79)	(79)	31,310
Others	(506)	4,588	4,082	-	(5,188)	(5,188)	(1,106)
Projected cash flow for inforce policies							
Premium	118,504	109,998	228,502	-	(4,740)	(4,740)	223,762
Investment return	40,654	9,295	49,949	-	(125)	(125)	49,824
Benefits	(80,387)	(57,416)	(137,803)	-	4,887	4,887	(132,916)
Expenses/commission	(20,202)	(25,884)	(46,086)	-	230	230	(45,856)
Variance on inforce policies	8,362	1,285	9,647	-	(634)	(634)	9,013
New business reserves	914	11,637	12,551	-	-	-	12,551
Others	115	750	865	-	96	96	961
Benefits and claims experience variation	19,709	(26,215)	(6,506)	590	(4,076)	(3,486)	(9,992)
Net asset value attributable to unit holders	-	(44,648)	(44,648)	-	-	-	(44,648)
Available-for-sale fair value reserves (Note 7 (e))	5,766	-	5,766	-	-	-	5,766
Assets revaluation reserves (Note 3)	215	-	215	-	-	-	215
Unallocated surplus	(12,382)	-	(12,382)	-	-	-	(12,382)
Deferred tax effects:							
Available-for-sale fair value reserves (Note 13)	(480)	-	(480)	-	-	-	(480)
At 31 March 2012 (as restated)	1,080,877	607,102	1,687,979	36	(11,402)	(11,366)	1,676,613

12 INSURANCE CONTRACT LIABILITIES (CONTINUED)

	Gross			Reinsurance			
	With DPF	Without DPF	Total	With DPF	Without DPF	Total	Net
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 April 2010 (as previously stated)	854,298	725,202	1,579,500	(220)	(2,245)	(2,465)	1,577,035
Effects on changes in accounting policies: (Note 33)							
Unallocated surplus of Non Participating Funds	-	(158,737)	(158,737)	-	-	-	(158,737)
Available-for-sale fair value reserves of Non Participating Funds (net of deferred tax)	-	(252)	(252)	-	-	-	(252)
Asset revaluation reserves of Non Participating funds	-	(3,004)	(3,004)	-	-	-	(3,004)
At 1 April 2010 (as restated)	854,298	563,209	1,417,507	(220)	(2,245)	(2,465)	1,415,042
Change in life insurance fund contract liabilities							
Due to assumptions change							
Expenses	7,044	(6,530)	514	-	-	-	514
Mortality/morbidity	4,841	8,701	13,542	-	(1,644)	(1,644)	11,898
Lapse/withdrawal	-	(1,352)	(1,352)	-	523	523	(829)
Interest and bonus rate	(30,543)	4,050	(26,493)	-	(21)	(21)	(26,514)
Others	4,696	472	5,168	-	134	134	5,302
Projected cash flow for inforce policies							
Premium	110,404	56,208	166,612	-	(3,340)	(3,340)	163,272
Investment return	38,343	6,826	45,169	-	6	6	45,175
Benefits	(64,065)	(27,378)	(91,443)	-	3,973	3,973	(87,470)
Expenses/commission	(17,079)	(10,353)	(27,432)	-	33	33	(27,399)
Variance on inforce policies	29,642	4,568	34,210	-	(365)	(365)	33,845
New business reserves	2,753	5,638	8,391	-	-	-	8,391
Others	(324)	30	(294)	-	482	482	188
Benefits and claims experience variation	12,611	4,127	16,738	(334)	691	357	17,095
Net asset value attributable to unit holders	-	(4,991)	(4,991)	-	-	-	(4,991)
Available-for-sale fair value reserves (Note 7(e))	11,887	-	11,887	-	-	-	11,887
Assets revaluation reserves (Note 3)	994	-	994	-	-	-	994
Unallocated surplus	17,473	-	17,473	-	-	-	17,473
Deferred tax effects:							
Available-for-sale fair value reserves (Note 13)	(983)	-	(983)	-	-	-	(983)
Assets revaluation reserves (Note 13)	461	-	461	-	-	-	461
At 31 March 2011 (as restated)	982,453	603,225	1,585,678	(554)	(1,773)	(2,327)	1,583,351

13 DEFERRED TAX LIABILITIES

	31.03.2013 RM'000	31.03.2012 RM'000	01.04.2011 RM'000
At 1 April (as previously stated)	(45,562)	(46,603)	(3,036)
Effect of changes in accounting policies (Note 33)			
Deferred tax on unallocated surplus	-	-	(41,650)
Deferred tax on AFS	-	-	(1,418)
Deferred tax on assets revaluation reserves	-	-	(499)
At 1 April (as restated)	(45,562)	(46,603)	(46,603)
Recognised in:			
Income statement (Note 26)	2,913	3,326	-
Other comprehensive income			
Deferred tax on AFS	1,187	(2,275)	-
Deferred tax on assets revaluation reserves	(9)	(10)	-
At 31 March (as restated)	(41,471)	(45,562)	(46,603)

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.

	31.03.2013 RM'000	Restated 31.03.2012 RM'000	Restated 01.04.2011 RM'000
Presented after appropriate offsetting as follows:			
Deferred tax assets	3,070	3,224	2,965
Deferred tax liabilities	(44,541)	(48,786)	(49,568)
	(41,471)	(45,562)	(46,603)

13 DEFERRED TAX ASSETS (CONTINUED)

The components and movements of deferred tax assets during the financial year are as follows:

	Note	Fair value of investment assets RM'000	Loan and receivable RM'000	Accelerated capital allowance on properties and equipment RM'000	Accretion of discounts on investment RM'000	Total RM'000
At 1 April 2011 (as previously stated)		2,906	-	23	36	2,965
At 1 April 2011 (as restated)		2,906	-	23	36	2,965
Recognised in:						
Income statement		(191)	163	(17)	304	259
At 31 March 2012 (as restated)		2,715	163	6	340	3,224
Recognised in:						
Income statement		11	(163)	(6)	(13)	(171)
Other comprehensive income		17	-	-	-	17
At 31 March 2013		2,743	-	-	327	3,070

13 DEFERRED TAX LIABILITIES (CONTINUED)

The components and movements of deferred tax liabilities during the financial year are as follows:

	Note	Fair value of investment assets	Fair value of investment property	Accelerated capital allowance on properties and equipment	Accretion of discounts on investment	Unallocated surplus	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 April 2011 (as previously stated)		(4,675)	-	(194)	(1,132)	-	(6,001)
Effect of changes in accounting policies	33						
Income statement		-	-	-	-	(41,650)	(41,650)
Other comprehensive income		(1,418)	(499)	-	-	-	(1,917)
At 1 April 2011 (as restated)		(6,093)	(499)	(194)	(1,132)	(41,650)	(49,568)
Recognised in:							
Income statement		1,582	(89)	(79)	425	1,228	3,067
Other comprehensive income		(2,275)	(10)	-	-	-	(2,285)
At 31 March 2012 (as restated)		(6,786)	(598)	(273)	(707)	(40,422)	(48,786)
Recognised in:							
Income statement		(445)	(37)	(6)	609	2,963	3,084
Other comprehensive income		1,170	(9)	-	-	-	1,161
At 31 March 2013		(6,061)	(644)	(279)	(98)	(37,459)	(44,541)

14 SUBORDINATED TERM LOAN

	31.03.2013	31.03.2012	01.04.2011
	RM'000	RM'000	RM'000
Subordinated term loan	53,000	53,000	53,000

On 18 February 2009, a subordinated term loan of RM53 million was obtained from the holding Company, Uni.Asia Capital Sdn Bhd, to supplement the Company's capital requirements. The term of the loan facility is for a period of ten (10) years commencing from the date of first drawdown on 27 February 2009. The subordinated term loan shall be repaid in full on the maturity date (i.e. on 26 February 2019) and prior approval from Bank Negara Malaysia is required for prepayment of the loan in whole or in part before the maturity date.

The rate of interest payable is KLIBOR plus 2% per annum for the first five (5) years of the tenure and KLIBOR plus 4% per annum for the remaining five (5) years of the tenure. The Company shall not be obligated to pay any interest which is otherwise payable if the Company does not record operating profit in the relevant financial year of such payment of interest. Accordingly, the related unpaid interest shall cease to accrue or accumulate to the holding company.

Interest expense on the loan, amounting to RM2,869,478 (2012: RM2,912,183), is reported within finance cost in the income statement.

As this is a floating rate subordinated loan, the fair value is equivalent to its carrying amount.

15 INSURANCE PAYABLES

	31.03.2013	31.03.2012	01.04.2011
	RM'000	RM'000	RM'000
Amount due to insureds	116,023	131,726	147,119
Amount owing to agents and brokers co-insurers	6,310	5,803	5,690
Amount owing to reinsurers and cedants	2,738	2,644	4,520
	125,071	140,173	157,329

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

16 OTHER PAYABLES

	31.03.2013 RM'000	31.03.2012 RM'000	01.04.2011 RM'000
Other payables and accruals	15,991	17,321	17,285

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

17 OPERATING REVENUE

	31.03.2013 RM'000	31.03.2012 RM'000
Gross premiums (Note 18)	275,842	313,761
Investment income (Note 19)	97,975	89,107
	373,817	402,868

18 NET PREMIUMS

		31.03.2013 RM'000	31.03.2012 RM'000
(a)	Gross premiums :		
	Insurance contracts	275,842	313,761
(b)	Premiums ceded to reinsurers :		
	Insurance contracts	(12,539)	(12,521)
	Net premiums	263,303	301,240

19 INVESTMENT INCOME

	31.03.2013 RM'000	31.03.2012 RM'000
Rental income from investment properties	246	251
Financial assets at FVTPL - held for trading purposes:		
Interest	5,665	5,700
Dividend / distribution income		
- Equity securities quoted in Malaysia	8,545	7,370
- Equity securities quoted outside Malaysia	39	-
HTM financial assets:		
Interest	21,288	18,387
Accretion of discounts net of amortisation of premiums	114	669
AFS financial assets:		
Interest	39,617	36,521
Accretion of discounts net of amortisation of premiums	(396)	1,834
LAR:		
Interest from loan	6,585	5,824
Interest from fixed and called deposits	15,916	12,307
Accretion of discounts net of amortisation of premiums	356	244
	97,975	89,107

20. REALISED GAINS/(LOSSES)

	31.03.2013 RM'000	31.03.2012 RM'000
Properties and equipment	(20)	(5)
Financial assets at FVTPL - held for trading purposes:		
- Debt securities outside Malaysia	88	-
- Equity securities and unit trusts quoted in Malaysia	17,163	7,493
- Equity securities and unit trusts quoted outside Malaysia	(6,176)	-
HTM financial assets:		
- Debt securities unquoted in Malaysia	506	4,930
AFS financial assets:		
- Debt securities	6,028	9,631
	17,609	22,054
Total realised gains and losses	17,589	22,049

21 FAIR VALUE GAINS/(LOSSES)

	31.03.2013 RM'000	31.03.2012 RM'000
Investment property (Note 4)	150	50
Financial investments – held for trading purposes	4,645	(10,587)
Financial investments – designated upon initial recognition	2,759	(13,029)
Total fair value gains on financial statements at FVTPL	7,554	(23,566)
LAR – Unsecured loans	(22)	(162)
Impairment on AFS debt securitites	(3,089)	-
	4,443	(23,728)

22 FEE INCOME

	31.03.2013 RM'000	31.03.2012 RM'000
Policyholder administration and investment management services	2	13

23 NET BENEFITS AND CLAIMS

		31.03.2013 RM'000	Restated 31.03.2012 RM'000
(a)	Gross benefits and claims :		
	Insurance contracts		
	Death	20,210	22,553
	Maturity	4,982	39,312
	Surrender	62,865	62,982
	Others	58,345	55,321
		146,402	180,168
(b)	Claims ceded to reinsurers :		
	Insurance contracts	(2,642)	(9,592)
(c)	Gross change in contract liabilities :		
	Insurance contracts	125,886	103,306
(d)	Change in contract liabilities ceded to reinsurers :		
	Insurance contracts	(15)	(5,553)

24 MANAGEMENT EXPENSES

	Note	31.03.2013 RM'000	31.03.2012 RM'000
Employee benefits expense	24 (a)	23,986	23,315
Directors' remuneration:			
- current year	24 (b)	757	605
- prior year over provision		-	(15)
Auditors' remuneration:			
- current year		261	258
- prior year over provision		(55)	-
Depreciation of properties and equipment		1,678	1,486
Amortisation of intangible assets		1,049	1,327
Amortisation of prepaid lease property		4	3
Training expenses		(24)	2,648
Allowance for doubtful debts		-	471
Reversal of allowance for doubtful debts		-	(118)
Printing and stationery		741	467
Postage, telephone and telefax		1,189	1,152
EDP expenses		1,229	503
Rental of office from third parties		1,498	1,311
Administration and general expenses		17,374	19,274
		49,687	52,687

(a) Employee benefits expense

	31.03.2013 RM'000	31.03.2012 RM'000
Wages, salaries and bonuses	19,230	18,820
Contributions to social security ("SOCSO")	154	135
Contributions to EPF	2,888	2,783
Other benefits	1,714	1,577
Total Employee Benefits Expenses	23,986	23,315

The remuneration, including benefits-in-kind, attributable to the Chief Executive Officer of the Company during the financial year amounted to RM1,321,387 (2012: RM1,082,544).

24 MANAGEMENT EXPENSES (CONTINUED)

b) Compensation of key management personnel

The compensation of the key management personnel including the Chief Executive Officer is as follows:

	31.03.2013 RM'000	31.03.2012 RM'000
Short term employee benefits	3,055	2,893
Defined contribution plan	460	436
Other employee benefits	1	2
Salaries and other short-term employee benefits	3,516	3,331

25 FINANCE COSTS

	31.03.2013 RM'000	31.03.2012 RM'000
Interest on subordinated term loan	2,869	2,912

26 TAXATION

	31.03.2013 RM'000	Restated 31.03.2012 RM'000
Shareholders' fund		
Tax expense - current financial year	8,517	7,167
Over provision in prior financial year	(310)	(55)
Deferred tax (Note 13)	(3,162)	(1,489)
	5,045	5,623
Life fund		
Tax expense - current financial year	8,006	8,695
Over provision in prior financial year	(978)	(480)
Deferred tax (Note 13)	249	(1,837)
	7,277	6,378

Domestic income tax for shareholders' fund is calculated at the Malaysian statutory rate of 25% of the estimated assessable profit for the financial year.

The amount of tax charged on the life fund is based on the method prescribed under the Income Tax Act, 1967 for life insurance business. The statutory tax rate for the life insurance business is 8%.

Prior to the year of assessment 2008, Malaysian companies adopted 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, and such dividends will be exempted from tax in the hands of the 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 the 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 2007.

The Company did not elect for the irrevocable option to disregard the Section 108 balance as at 31 March 2013.

26 TAXATION (CONTINUED)

A reconciliation of income tax expenses applicable to profit/surplus before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Company is as follows:

	31.03.2013 RM'000	Restated 31.03.2012 RM'000
Profit before tax	22,199	26,476
Taxation at Malaysian statutory tax rate of 25%	5,550	6,619
Expenses not deductible for tax purposes	1,922	1,156
Income not subject to tax	(58)	(42)
Over provision in prior financial year	(310)	(55)
Section 110B credit	(2,059)	(2,055)
Tax expense for the financial year	5,045	5,623

Previously, investment income and gains from disposal of investments from the life fund was taxed twice, once at a tax rate of 8% in the life fund and again at a tax rate of 25% (2012: 25%) when the surplus from the life fund is transferred to the shareholders' fund. In Budget 2008 which was enacted via a Gazette order on 21 April 2008 and effective from year of assessment 2008 onwards, insurance companies are permitted a set-off ("Section 110B credits") from the total amount of tax imposed on the shareholders' fund to overcome the incidence of double taxation.

Section 110B credits are governed by a specific Inland Revenue Board ("IRB") guideline issued on 5 November 2008 which details the computation of said credits available to the shareholders' fund of an insurance company. Section 110B credits are applied before dividend tax credits when computing net tax payable to IRB.

27 EARNINGS PER SHARE

	31.03.2013 RM'000	Restated 31.03.2012 RM'000
Basic :		
Profit for the financial year attributable to shareholders	17,154	20,853
Number of ordinary shares of RM1 each ('000)	125,000	125,000
Basic earnings per share (sen)	13.72	16.68

28 CASH FLOWS

	31.03.2013 RM'000	Restated 31.03.2012 RM'000
Profit before taxation	22,199	26,476
Taxation of life insurance fund	7,277	6,378
Investment income	(97,975)	(89,107)
Realised gains recorded in income statement	(17,589)	(22,049)
Fair value (gains)/losses recorded in income statement	(4,443)	23,728
Purchases of FVTPL financial investments	(315,737)	(480,130)
Maturity/proceeds from sale of FVTPL financial investments	364,517	515,542
Purchases of AFS financial investments	(98,096)	(341,429)
Maturity/proceeds from sale of AFS financial investments	134,660	322,429
Purchase of HTM financial investments	(5,021)	(173,679)
Maturity of HTM financial investments	36,492	98,221
Increase in LAR	(240,357)	(16,085)
Non-cash items:		
Depreciation of properties and equipment	1,678	1,486
Amortisation of intangible assets	1,349	1,327
Amortisation of prepaid lease property	4	3
Interest expense	2,869	2,912
Intangible assets written off	761	-
Allowance for doubtful debts	-	471
Reversal of allowance for doubtful debts	(471)	(118)
Changes in working capital:		
Decrease/(increase) in reinsurance assets	3,006	(9,039)
(Increase)/decrease in insurance receivables	(1,083)	1,047
Decrease/(increase) in other receivables	19,316	(12,582)
Increase in insurance contract liabilities	147,401	96,800
Decrease in insurance payables	(15,102)	(17,156)
Decrease in other payables	(12,714)	(937)
Cash used in operating activities	(67,059)	(65,491)

29 CAPITAL COMMITMENTS

As of 31 March 2013, capital expenditure approved by Directors but not provided for in the financial statements are as follows:

	31.03.2013 RM'000	31.03.2012 RM'000
Authorised and contracted but not provided for:		
Computer hardware & software	141	967
Properties and equipment	17	93
	158	1,060

30 REGULATORY CAPITAL REQUIREMENTS

The capital structure of the Company as at 31 March 2013, as prescribed under the Risk-Based Capital Framework is provided below:-

	31.03.2013 RM'000	31.03.2012 RM'000
Eligible Tier 1 Capital		
Share capital (paid up)	125,000	125,000
Valuation surplus, retained earnings and other capital available	419,578	400,129
	544,578	525,129
Tier 2 Capital		
Eligible Tier 2 Capital	86,320	94,125
Amount deducted from Capital	(4,483)	(5,769)
	81,837	88,356
Total Capital Available	626,415	613,485

31 RELATED PARTY DISCLOSURES

(a) Related parties

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.

Related companies	Country of incorporation	Relationship
DRB-HICOM Berhad	Malaysia	Penultimate holding company
Etika Strategi Sdn Bhd	Malaysia	Ultimate 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
Key management personnel	Malaysia	Key management personnel are those people defined as having authority and responsibility for planning, directing and controlling the activities of the Company, either directly or indirectly.

31 RELATED PARTY DISCLOSURES (CONTINUED)

(b) Related party balances

Significant related party balances as at end of the financial year are as follows:

	Note	31.03.2013 RM'000	31.03.2012 RM'000	01.04.2011 RM'000
Included in investment:	7			
Debt securities holding with other related companies		85,986	80,765	58,138
Fixed and call deposits placed with other related companies		80,333	97,865	106,386
Included in insurance receivables:	9			
Outstanding premium including agents/ brokers and co-insurers balances due from related companies		590	204	289
Included in subordinated term loan:	14			
Subordinated term loan from holding company		(53,000)	(53,000)	(53,000)
Included in insurance payables:	15			
Outstanding premiums due to related companies		(133)	-	(4)
Outstanding commissions due to other related companies		(454)	(660)	(923)
Included in other payables:	16			
Outstanding interest due to holding company		(244)	(246)	(235)
Bank balances included in cash and bank balances				
Placed with other related companies		2,819	(2,946)	2,374

31 RELATED PARTY DISCLOSURES (CONTINUED)

(c) Related party transactions

In the normal course of business, the Company undertakes various transactions with other companies deemed related parties by virtue of being subsidiaries and associated companies of DRB-HICOM. The Company sold insurance policies to related parties on agreed terms.

The significant related party transactions of the Company with related parties during the financial year are as follows:

	31.03.2013 RM'000	31.03.2012 RM'000
Gross premium received/receivable from:		
Related companies	2,966	1,266
Key management personnel	13	9
Commission expenses paid/payable to:		
Other related companies	4,975	7,025
Interest income received/receivable from:		
Other related companies	3,590	3,040
Purchase of securities from/through:		
Other related companies	51,897	59,425
Sale of securities from/through:		
Other related companies	32,990	12,172
General and administrative expenses paid/payable to:		
Other related companies	2,025	1,057
Subordinated term loan interest paid/payable to:		
Holding company	2,869	2,912

32 RISK MANAGEMENT FRAMEWORK

(a) Enterprise Risk Management Overview

Systematic enterprise-wide risk management is a key element of our corporate management. The role of enterprise risk management is to ensure that material risks are properly and adequately identified, evaluated, treated, monitored and reported, so as to safeguard our financial strength as well as business continuity and enable us to fulfill our obligations to our customers and stakeholders. We achieve these objectives by having in place an enterprise risk management framework that encompasses all key areas of our operations.

(b) Enterprise Risk Management Principles

Risk is defined as the possibility that an event will occur and adversely impact the achievement of an entity's mission or business objectives. Risk is a key part of our business and the main objective of enterprise risk management is to ensure that all key risks are properly and adequately identified, evaluated, treated, monitored and reported.

Under the Enterprise Risk Management ("ERM") Framework, risks are classified into five broad categories which are considered to be most central to our business:

1. Insurance Risk
2. Asset Risk (Market and Credit Risk)
3. Asset-Liability Management ("ALM") Risk
4. Operational Risk
5. Strategic / Business Risk

c) Capital Management

The Company's capital management policy is to ensure that scenarios under which the possibility of future shortage of capital are accurately and timely identified and reported so that immediate remedial actions can be taken, utilise capital efficiently given limited resources for life insurers, achieve optimal balance in the management of risk, return, capital requirement as well as capital availability, and reduce the capital requirement by putting in place proper controls, risk management processes and procedures to eliminate unwanted surprise / losses.

<u>Regulatory Capital</u>

The Company is required to comply with the Risk-Based Capital Framework ("RBC Framework") which is the capital adequacy framework for all insurers licensed under the Insurance Act, 1996. The RBC Framework took effect from 1 January 2009 and the company is expected to comply by maintaining the Capital Adequacy Ratio ("CAR") at above the supervisory target level of 130% at all times. The CAR is calculated as follows:

$$\text{CAR} = \frac{\text{Total Capital Available ('TCA')}}{\text{Total Capital Required ('TCR')}} \times 100\%$$

The Company has met all the regulatory requirements and operate at capital level above ITCL throughout the financial year.

32 RISK MANAGEMENT FRAMEWORK (CONTINUED)

(d) Governance Framework

The Company's Board of Directors ("the Board") retains the overall risk management responsibilities in accordance with JPI/GPI 25 (Consolidated): Prudential Framework of Corporate Governance for Insurers, which requires the Board to establish an effective risk management and internal control system.

Whilst the Board still retains ultimate responsibilities for risk management and for determining the appropriate level of risk appetite, a Board Risk Management Committee consisting of non-executive directors has been established to assist the Board in overseeing the risk management strategies and provide an independent risk management reporting line for the Company.

An Executive Risk Management Committee is also established at senior management level and shall meet at least once every quarter, to review the Company's risk exposure and to raise and discuss matters regarding risk and risk management.

Whilst Risk Management Department spearheads the development and implementation of the ERM Framework and ICAAP for the Company, the senior management is responsible for the development of detailed policies, procedures and limits for managing risks inherent in the Company's activities based on the business and risk management strategies approved by the Board.

As stated in the ERM Framework, operational management or business lines are accountable for managing the day-to-day business activities and all types of risks associated with these activities within the established limits. Meanwhile, the internal audit function shall provide the Board with an independent assurance that the risk management systems, internal controls and governance processes of the Company are adequate and effective.

32 RISK MANAGEMENT FRAMEWORK (CONTINUED)

(e) Insurance Risks of Life Insurance Contracts

The Company is exposed to life insurance risks when it signs a contract with the insured party or policyholder for a premium amount and in return promises to compensate the policyholder if a specified uncertain future event or an insured event adversely affects the policyholder. Life insurance risks arise when the prices charged for life insurance contracts may be ultimately inadequate to support the future contractual obligations due to adverse deviation of the assumptions used in pricing the insurance contracts from the actual experience. Assumptions used in product pricing include items such as policy lapses, policy claims such as mortality and morbidity, expenses as well as investment return and discount rate.

Experience studies are carried out annually to ensure that pricing assumptions are adequate, appropriate and consistent with the actual experience for insurance product pricing purposes.

The Company has implemented underwriting and claims management guidelines and procedures to manage its life insurance risks. Whilst proper underwriting process is put in place to control the risk of anti-selection, appropriate claims management systems also help to identify fraudulent claims.

The mortality and morbidity risks are also managed through reinsurance programme. The bulk of UAL's reinsurance is in the form of automatic treaties. These treaties are of risk premium type and cover both individual business and group business. In addition, there is another layer of reinsurance that is in the form of a catastrophe treaty. Both of these types of reinsurance serve to protect the Company's solvency, especially when there is an accumulation of risk, for example a natural disaster.

A substantial portion of the Company’s life insurance funds is participating in nature. In the event of volatile investment climate and/or unusual claims experience, the Company has the option of revising the bonus rates and dividends payable to the policyholders.

For non-participating funds, the risk is that policy benefits are guaranteed to the policyholders and these obligations must be fulfilled in spite of the Company’s poor investment performance or unfavorable claims experience. To mitigate this risk, investment mandate is put in place to ensure that appropriate investment strategy that focuses on Low Risk Assets (“LRA”) and Private Debt Securities (“PDS”) assets with minimum equity exposure is adopted by the fund managers.

For investment-linked funds, the risk exposure for the Company is limited only to the underwriting aspect as all investment risks are borne by the policyholders and proper expense management is in place to minimise actual costs incurred.

As required by the Bank Negara Malaysia’s Guidelines on stress testing for Insurers, Stress Testing is performed at least once on a half-yearly basis. The purpose of Stress Testing is to test the solvency of life insurance funds under various scenarios according to the prescribed statutory valuation basis, simulating drastic changes in major parameters like interest rates, investment return, inflation rate, investment asset value, new business volume, mortality/morbidity patterns as well as expense patterns. In addition, stress testing also provides an early warning signal for the Company to take necessary measures to protect its financial position.

32 RISK MANAGEMENT FRAMEWORK (CONTINUED)

Insurance Risk

Life Insurance Contracts

The table below shows the concentration of life insurance contract liabilities by type of contract.

	Gross			Reinsurance			
	With DPF	Without DPF	Total	With DPF	Without DPF	Total	Net
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31 March 2013							
Whole Life	147,403	12,801	160,204	-	-	-	160,204
Endowment	913,438	162,384	1,075,822	-	-	-	1,075,822
Term - Mortgage	-	231,556	231,556	-	(5,047)	(5,047)	226,509
Term - Others	-	2,529	2,529	-	63	63	2,592
Riders	(1,067)	963	(104)	-	-	-	(104)
Total insurance contract liabilities	1,059,774	410,233	1,470,007	-	(4,984)	(4,984)	1,465,023
31 March 2012 (as restated)							
Whole Life	125,533	(6,826)	118,707	-	-	-	118,707
Endowment	855,563	122,552	978,115	-	-	-	978,115
Term - Mortgage	-	237,594	237,594	-	(5,227)	(5,227)	232,367
Term - Others	-	1,971	1,971	-	258	258	2,229
Riders	(656)	2,485	1,829	-	-	-	1,829
Total insurance contract liabilities	980,440	357,776	1,338,216	-	(4,969)	(4,969)	1,333,247

32 RISK MANAGEMENT FRAMEWORK (CONTINUED)

Insurance Risk (continued)

Life Insurance Contracts (continued)

The table below shows the concentration of life insurance contract liabilities by type of contract. (continued)

	Gross			Reinsurance			
	With DPF	Without DPF	Total	With DPF	Without DPF	Total	Net
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
01 April 2011 (as restated)							
Whole Life	102,324	(26,028)	76,296	-	-	-	76,296
Endowment	793,827	82,542	876,369	-	-	-	876,369
Term - Mortgage	-	223,559	223,559	-	44	44	223,603
Term - Others	-	1,742	1,742	-	540	540	2,282
Riders	(1,307)	1,221	(86)	-	-	-	(86)
Total insurance contract liabilities	894,844	283,036	1,177,880	-	584	584	1,178,464

32 RISK MANAGEMENT FRAMEWORK (CONTINUED)

Insurance Risk (continued)

As all of the business is derived from Malaysia, the entire life insurance contract liabilities are in Malaysia.

Key assumptions

Material judgment is required in determining the liabilities and in the choice of assumptions. Valuation assumptions used are based on past experience, current internal data, external market indices and benchmarks which reflect current observable market prices and other published information. Valuation assumptions and prudent estimates are determined at the date of valuation. Valuation assumptions are further evaluated on a continuous basis in order to ensure realistic and reasonable valuations.

The key assumptions to which the estimation of liabilities is particularly sensitive are as the below:

(i) Mortality rates

Best estimate assumptions are based on the Company's recent experience studies.

(ii) Expenses

Best estimate assumptions are based on the experience of the Company. An inflation rate of 4% per annum is assumed over time. The Company conducts an expense study annually. Expense overrun expected over future years has been capitalised and set aside. Allowance is also made for payment of commission to distributors.

(iii) Lapse and surrender rates

Best estimate assumptions are based on the experience studies. The Company conducts a persistency study annually, or on a more regular basis when appropriate. Statistical methods are used to determine appropriate lapse and surrender rates. Lapse and surrender rates vary by product type and policy duration.

(iv) Discount rate

Risk free discount rate is used in the valuation of actuarial liabilities for non-participating fund and the non-unit liabilities of investment-linked funds and the guaranteed benefit liabilities of participating funds.

These risk free rates from durations of 1 to 15 years are the Malaysian Government Securities ("MGS") yields taken from BondWeb, which is recognised bond pricing agency in Malaysia. Interpolation or extrapolation is used to determine yields for terms where MGS yields are not available. For cash flows with duration of 15 years or more, the 15-year MGS yield is used for discounting purposes.

32 RISK MANAGEMENT FRAMEWORK (CONTINUED)

Insurance Risk (continued)

Key assumptions (continued)

(v) Fund based yield

Fund based yield is used in the valuation of actuarial liabilities for participating fund to discount expected cashflows for future years. Expected cashflows include an allowance for non-guaranteed benefits. The selected yield reflects the expected return on participating fund, based on investment strategy employed, and can be differentiated between groups of products to reflect characteristics of the products, which may affect the investment strategy employed. The yield is reduced to allow for expected tax on investment income.

(vi) Sensitivities

The analysis below is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on gross and net liabilities. No management actions (eg, possible revision of bonus rates for participating fund products) have been assumed in the calculation of net and gross liabilities. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non-linear. Sensitivity information will also vary according to the current economic assumptions.

	Impact on change in assumptions RM'000	Impact on gross liabilities RM'000	Impact on net liabilities RM'000
31 March 2013			
Mortality/morbidity	+ 25%	68,062	54,474
Expenses	+ 25%	36,234	36,252
Lapse and surrender rates	+ 25%	(2,353)	(2,253)
Discount rate	- 1%	140,364	140,159
31 March 2012			
Mortality/morbidity	+ 25%	64,481	51,311
Expenses	+ 25%	32,672	32,672
Lapse and surrender rates	+ 25%	(305)	(203)
Discount rate	- 1%	130,606	130,329
01 April 2011			
Mortality/morbidity	+ 25%	56,801	44,745
Expenses	+ 25%	29,995	29,995
Lapse and surrender rates	+ 25%	608	505
Discount rate	- 1%	113,976	114,181

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

32 RISK MANAGEMENT FRAMEWORK (CONTINUED)

Asset Risk

(f) Credit risk

Credit risk is the potential financial loss resulting from counterparty's inability or unwillingness to fully meet its contractual financial obligations as and when they fall due. The counterparties may include debtors, borrowers, brokers, policyholders, reinsurers and guarantors.

The Company's primary exposure to credit risk is through its investments in fixed income securities, lending activities such as policy loans are secured against the surrender value of policies and carry no substantial credit risk and potential obligations of reinsurers arising out of reinsurance arrangements.

The Company's Investment Committee manages credit risk associated with investments in fixed income securities through the setting of investment policies as well as credit exposure limits approved by the Board and within the guidelines issued by BNM.

Credit evaluation of an issuer of credit facilities is undertaken by the Investment Department. The credit profile of an issuer is assessed by considering factors such as industry and business background, operating performance or viability of a project, business risk factors, financial ratio analysis, financial strength and flexibility, availability of cash flows and identified sources of repayment, management credibility and shareholders' profile as well as security enhancement.

In addition, a credit review of individual exposure is also conducted by the investment team at least once a year to review and monitor the creditworthiness of issuers or counterparties. Additional review will be carried out when there is a downgrade of credit rating, a change in the nature of an issuer's business or a corporate restructuring of an issuer.

Reinsurance programme is arranged with reinsurers that have a good credit rating in order to reduce credit risk arising from reinsurance arrangements.

Credit risk in respect of policyholder balances incurred on non-payment of premiums or contributions will only persist during the grace period specified in the policy document until expiry, when the policy is either paid up or terminated.

Credit exposure

The table below shows the maximum exposure to credit risk for the components on the statement of financial position and items such as future commitments. The maximum exposure is shown gross, before the effect of mitigation through the use of master netting or collateral agreements.

32 RISK MANAGEMENT FRAMEWORK (CONTINUED)

Asset Risk (continued)

(f) Credit risk (continued)

Credit exposure (continued)

	Life and Shareholders' Fund RM'000	Investment -linked Funds RM'000	Total RM'000
31 March 2013			
HTM financial investments :			
Malaysian Government Securities	20,004	-	20,004
Debt securities	358,887	-	358,887
Accrued interest	5,070	-	5,070
LAR :			
Loans	78,227	-	78,227
Fixed and call deposits	607,563	25,511	633,074
Accrued interest	11,990	43	12,033
AFS financial investments :			
Equity securities	2,140	-	2,140
Debt securities	792,261	-	792,261
Malaysian Government Securities	93,418	-	93,418
Accrued interest	10,023	-	10,023
Financial investments at FVTPL :			
Equity securities	138,703	49,217	187,920
Structured investments	-	80,054	80,054
Debt securities	-	13,358	13,358
Unit and property trust funds	25,507	54,534	80,041
Accrued interest	-	151	151
Reinsurance assets	8,360	-	8,360
Insurance receivables	8,799	-	8,799
Other receivables	4,225	1,761	5,986
Cash and cash equivalents	7,969	84	8,053
	2,173,146	224,713	2,397,859

32 RISK MANAGEMENT FRAMEWORK (CONTINUED)

Asset Risk (continued)

(f) Credit risk (continued)

Credit exposure (continued)

	Life and Shareholders' Fund RM'000	Investment -linked Funds RM'000	Total RM'000
31 March 2012			
HTM financial investments :			
Malaysian Government Securities	20,021	-	20,021
Debt securities	389,721	-	389,721
Accrued interest	5,430	-	5,430
LAR :			
Loans	74,432	-	74,432
Fixed and call deposits	380,983	15,551	396,534
Accrued interest	8,278	40	8,318
AFS financial investments :			
Equity securities	2,139	-	2,139
Debt securities	809,203	-	809,203
Malaysian Government Securities	119,517	-	119,517
Accrued interest	10,480	-	10,480
Financial investments at FVTPL :			
Equity securities	148,830	42,999	191,829
Structured investments	-	82,277	82,277
Debt securities	-	14,009	14,009
Unit and property trust funds	31,596	71,963	103,559
Accrued interest	-	212	212
Reinsurance assets	11,366	-	11,366
Insurance receivables	7,245	-	7,245
Other receivables	14,222	1,270	15,492
Cash and cash equivalents	4,071	101	4,172
	2,037,534	228,422	2,265,956

32 RISK MANAGEMENT FRAMEWORK (CONTINUED)

Asset Risk (continued)

(f) Credit risk (continued)

Credit exposure (continued)

	Life and Shareholders' Fund RM'000	Investment -linked Funds RM'000	Total RM'000
01 April 2011			
HTM financial investments :			
Malaysian Government Securities	20,037	-	20,037
Debt securities	308,648	-	308,648
Accrued interest	4,073	-	4,073
LAR :			
Loans	70,290	-	70,290
Fixed and call deposits	371,074	13,680	384,754
Accrued interest	6,591	46	6,637
AFS financial investments :			
Equity securities	2,138	-	2,138
Debt securities	735,874	-	735,874
Malaysian Government Securities	149,666	-	149,666
Accrued interest	9,622	-	9,622
Financial investments at FVTPL :			
Equity securities	155,791	50,710	206,501
Structured investments	-	112,568	112,568
Debt securities	-	12,116	12,116
Unit and property trust funds	23,993	88,031	112,024
Accrued interest	-	202	202
Reinsurance assets	2,327	-	2,327
Insurance receivables	8,763	-	8,763
Other receivables	1,575	47	1,622
Cash and cash equivalents	6,994	94	7,088
	1,877,456	277,494	2,154,950

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NOTES TO THE FINANCIAL STATEMENTS
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32 RISK MANAGEMENT FRAMEWORK (CONTINUED)

Asset Risk (continued)

(f) Credit risk (continued)

Credit exposure by credit rating

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 (A to AAA) RM'000	Non-investment grade (BBB and below) RM'000	Not rated RM'000	Not subject to credit risk RM'000	Investment-linked RM'000	Past-due but not impaired RM'000	Total RM'000
31 March 2013							
HTM financial investments							
Malaysian Government Securities	-	-	20,004	-	-	-	20,004
Debt securities	306,243	46,866	5,778	-	-	-	358,887
Accrued interest	4,041	861	168	-	-	-	5,070
LAR							
Loans	-	-	78,227	-	-	-	78,227
Fixed and call deposits	476,906	-	130,657	-	25,511	-	633,074
Accrued interest	2,173	-	9,817	-	43	-	12,033
AFS financial investments							
Equity securities	-	-	2,140	-	-	-	2,140
Debt securities	762,531	6,901	22,829	-	-	-	792,261
Malaysian Government Securities	-	-	93,418	-	-	-	93,418
Accrued interest	9,195	52	776	-	-	-	10,023
Financial investments at FVTPL							
Equity securities	-	-	-	138,703	49,217	-	187,920
Structured investments	-	-	-	-	80,054	-	80,054
Debt securities	-	-	-	-	13,358	-	13,358
Unit and property trust funds	-	-	-	25,507	54,534	-	80,041
Accrued interest	-	-	-	-	151	-	151
Reinsurance assets	8,360	-	-	-	-	-	8,360
Insurance receivables	-	-	8,799	-	-	-	8,799
Other receivables	-	-	4,225	-	1,761	-	5,986
Cash and cash equivalents	7,945	-	24	-	84	-	8,053
	1,577,394	54,680	376,862	164,210	224,713	-	2,397,859

UNI.ASIA LIFE ASSURANCE BERHAD
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013 (CONTINUED)

32 RISK MANAGEMENT FRAMEWORK (CONTINUED)

Asset Risk (continued)

(f) Credit risk (continued)

Credit exposure by credit rating

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 (A to AAA) RM'000	Non-investment grade (BBB and below) RM'000	Not rated RM'000	Not subject to credit risk RM'000	Investment-linked RM'000	Past-due but not impaired RM'000	Total RM'000
31 March 2012							
HTM financial investments							
Malaysian Government Securities	-	-	20,021	-	-	-	20,021
Debt securities	383,839	-	5,882	-	-	-	389,721
Accrued interest	5,258	-	172	-	-	-	5,430
LAR							
Loans	-	-	74,432	-	-	-	74,432
Fixed and call deposits	292,615	-	88,368	-	15,551	-	396,534
Accrued interest	472	-	7,806	-	40	-	8,318
AFS financial investments							
Equity securities	-	-	-	2,139	-	-	2,139
Debt securities	796,616	-	12,587	-	-	-	809,203
Malaysian Government Securities	-	-	119,517	-	-	-	119,517
Accrued interest	9,494	-	986	-	-	-	10,480
Financial investments at FVTPL							
Equity securities	-	-	-	148,830	42,999	-	191,829
Structured investments	-	-	-	-	82,277	-	82,277
Debt securities	-	-	-	-	14,009	-	14,009
Unit and property trust funds	-	-	-	31,596	71,963	-	103,559
Accrued interest	-	-	-	-	212	-	212
Reinsurance assets	11,366	-	-	-	-	-	11,366
Insurance receivables	-	-	7,245	-	-	-	7,245
Other receivables	-	-	14,222	-	1,270	-	15,492
Cash and cash equivalents	4,056	-	15	-	101	-	4,172
	1,503,716	-	351,253	182,565	228,422	-	2,265,956

32 RISK MANAGEMENT FRAMEWORK (CONTINUED)

Asset Risk (continued)

(f) Credit risk (continued)

Credit exposure by credit rating

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 (A to AAA) RM'000	Non-investment grade (BBB and below) RM'000	Not rated RM'000	Not subject to credit risk RM'000	Investment-linked RM'000	Past-due but not impaired RM'000	Total RM'000
01 April 2011							
HTM financial investments							
Malaysian Government Securities	-	-	20,037	-	-	-	20,037
Debt securities	302,663	-	5,985	-	-	-	308,648
Accrued interest	4,033	-	40	-	-	-	4,073
LAR							-
Loans	-	-	70,290	-	-	-	70,290
Fixed and call deposits	317,048	-	54,026	-	13,680	-	384,754
Accrued Interest	148	-	6,443	-	46	-	6,637
AFS financial investments							-
Equity securities	-	-	-	2,138	-	-	2,138
Debt securities	723,961	-	11,913	-	-	-	735,874
Malaysian Government Securities	20,152	-	129,514	-	-	-	149,666
Accrued interest	8,658	-	964	-	-	-	9,622
Financial investments at FVTPL							
Equity securities	-	-	-	155,791	50,710	-	206,501
Structured investments	-	-	-	-	112,568	-	112,568
Debt securities	-	-	-	-	12,116	-	12,116
Unit and property trust funds	-	-	-	23,993	88,031	-	112,024
Accrued interest	-	-	-	-	202	-	202
Reinsurance assets	2,327	-	-	-	-	-	2,327
Insurance receivables	-	-	8,763	-	-	-	8,763
Other receivables	-	-	1,575	-	47	-	1,622
Cash and cash equivalents	6,981	-	13	-	94	-	7,088
	1,385,971	-	309,563	181,922	277,494	-	2,154,950

All financial assets of the Company as at 31 March 2013 are neither past due nor impaired.

32 RISK MANAGEMENT FRAMEWORK (CONTINUED)

Asset Risk (continued)

(f) Credit risk (continued)

Collateral

Credit risk is mitigated by entering into collateral agreements. For staff loans, the title of the properties is held as collateral.

Asset-Liability Management Risk

Liquidity risk is the risk of exposure to losses in the event that insufficient liquid asset will be available from among the assets supporting the policy obligations to meet the cash flow requirements of the obligations to policyholders when they fall due. For example, lower than expected investment income to meet claims necessitate unexpected realisation of assets. Unexpected demands for liquidity may also be triggered by market conditions that encourage widespread exercise of embedded options, adverse change in the surrender rate as well as uncertainty in the level of new business growth.

The Company monitors its liquidity risk and maintains a level of cash and cash flow deemed adequate by the management to finance its operations and to mitigate the effects of fluctuations in cash requirements. Liquidity management requires the Company to maintain a liquid position at all times to meet unexpected claims payments when they fall due and simultaneously hold an asset mix that meets the Company's target return.

The Company manages its liquidity risk by maintaining an adequate level of cash and cash equivalents as well as calculating the asset and liability durations and monitoring the asset-liability gap on a monthly basis. The liquidity risk is also minimized by close monitoring of surrenders and redemptions.

In addition, guidelines on asset allocation, portfolio limit structure and maturity profile of assets are also put in place to ensure sufficient funding is available to meet insurance and investment contracts' obligations. Compliance with the guidelines and policies, exposures and breaches are monitored and reported monthly to the Company's Executive Risk Management Committee ("ERMC").

32 RISK MANAGEMENT FRAMEWORK (CONTINUED)

Asset-Liability Management Risk (continued)

Maturity Analysis

The table below summarises the maturity profile of the financial assets and liabilities based on remaining undiscounted contractual obligations, including interest / profit payable and receivable.

For insurance contracts liabilities, maturity profiles are determined based on estimated timing of net cash outflows from the recognised insurance liabilities.

Unit-linked liabilities are repayable or transferable on demand and are included in the "up to a year" column. Repayments which are subject to notice are treated as if notice were to be given immediately.

31 March 2013	Carrying Value RM'000	Current RM'000	1 – 5 years RM'000	5 – 15 years RM'000	Over 15 years RM'000	No maturity date RM'000	Total RM'000
Financial instruments:							
HTM	378,891	33,809	124,892	341,149	44,168	100	544,118
LAR	711,301	625,170	46,745	636	38,751	-	711,302
AFS	887,819	61,953	518,553	501,327	70,463	2,140	1,154,436
FVTPL	361,373	1,003	8,227	5,453	2,539	348,016	365,238
Accrued interest							
HTM	5,070	5,070	-	-	-	-	5,070
LAR	12,033	12,033	-	-	-	-	12,033
AFS	10,023	10,023	-	-	-	-	10,023
FVTPL	151	151	-	-	-	-	151
Reinsurance assets	8,360	3,355	(620)	2,625	1,924	-	7,284
Insurance receivables	8,799	8,799	-	-	-	-	8,799
Other receivables	7,751	7,408	185	-	158	-	7,751
Cash and cash equivalents	8,053	8,053	-	-	-	-	8,053
Total assets	2,399,624	776,827	697,982	851,190	158,003	350,256	2,834,258

32 RISK MANAGEMENT FRAMEWORK (CONTINUED)

Asset-Liability Management Risk (continued)

Maturity analysis (continued)

31 March 2013	Carrying Value RM'000	Current RM'000	1 – 5 years RM'000	5 – 15 years RM'000	Over 15 years RM'000	No maturity date RM'000	Total RM'000
Insurance contract liabilities	1,828,200	549,611	257,915	1,087,045	835,508	-	2,730,079
Insurance payables	125,071	12,051	13,815	80,005	19,200	-	125,071
Subordinated term loan	53,000	-	-	53,000	-	-	53,000
Other payables	15,991	15,896	2,722	-	2	-	18,620
Total liabilities	2,022,262	577,558	274,452	1,220,050	854,710	-	2,926,770

32 RISK MANAGEMENT FRAMEWORK (CONTINUED)

Asset-Liability Management Risk (continued)

Maturity analysis (continued)

31 March 2012	Carrying Value RM'000	Current RM'000	1 – 5 years RM'000	5 – 15 years RM'000	Over 15 years RM'000	No maturity date RM'000	Total RM'000
Financial instruments:							
HTM	409,742	40,671	159,670	329,725	64,711	100	594,877
LAR	470,966	384,168	4,671	49,599	32,529	-	470,967
AFS	930,859	67,224	527,336	540,514	68,417	2,139	1,205,630
FVTPL	391,674	1,573	89,551	7,137	2,609	297,271	398,141
Accrued interest							
HTM	5,430	5,430	-	-	-	-	5,430
LAR	8,318	8,318	-	-	-	-	8,318
AFS	10,480	10,480	-	-	-	-	10,480
FVTPL	212	212	-	-	-	-	212
Reinsurance assets	11,366	6,413	(487)	2,215	2,205	-	10,346
Insurance receivables	7,245	7,245	-	-	-	-	7,245
Other receivables	16,272	15,792	317	-	163	-	16,272
Cash and cash equivalents	4,172	4,172	-	-	-	-	4,172
Total assets	2,266,736	551,698	781,058	929,190	170,634	299,510	2,732,090

UNI.ASIA LIFE ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013 (CONTINUED)

32 RISK MANAGEMENT FRAMEWORK (CONTINUED)

Asset-Liability Management Risk (continued)

Maturity analysis (continued)

31 March 2012	Carrying Value RM'000	Current RM'000	1 – 5 years RM'000	5 – 15 years RM'000	Over 15 years RM'000	No maturity date RM'000	Total RM'000
Insurance contract liabilities	1,687,979	293,124	458,025	1,047,245	736,038	-	2,534,432
Insurance payables	140,173	12,521	26,029	79,383	22,240	-	140,173
Subordinated term loan	53,000	-	-	53,000	-	-	53,000
Other payables	17,321	17,241	4,384	-	2	-	21,627
Total liabilities	1,898,473	322,886	488,438	1,179,628	758,280	-	2,749,232

32 RISK MANAGEMENT FRAMEWORK (CONTINUED)

Asset-Liability Management Risk (continued)

Maturity analysis (continued)

01 April 2011	Carrying Value RM'000	Current RM'000	1 – 5 years RM'000	5 – 15 years RM'000	Over 15 years RM'000	No maturity date RM'000	Total RM'000
Financial instruments:							
HTM	328,685	17,775	165,004	275,613	6,973	100	465,465
LAR	455,044	373,920	4,428	49,303	27,392	-	455,043
AFS	887,678	73,585	490,167	542,751	65,839	2,179	1,174,521
FVTPL	443,209	30,397	8,357	89,566	-	318,523	446,843
Accrued interest							
HTM	4,073	4,073	-	-	-	-	4,073
LAR	6,637	6,637	-	-	-	-	6,637
AFS	9,622	9,622	-	-	-	-	9,622
FVTPL	202	202	-	-	-	-	202
Reinsurance assets	2,327	2,343	(1,007)	1,042	1,855	-	4,233
Insurance receivables	8,763	8,763	-	-	-	-	8,763
Other receivables	2,417	2,013	237	-	167	-	2,417
Cash and cash equivalents	7,088	7,088	-	-	-	-	7,088
Total assets	2,155,745	536,418	667,186	958,275	102,226	320,802	2,584,907

32 RISK MANAGEMENT FRAMEWORK (CONTINUED)

Asset-Liability Management Risk (continued)

Maturity analysis (continued)

01 April 2011	Carrying Value RM'000	Current RM'000	1 – 5 years RM'000	5 – 15 years RM'000	Over 15 years RM'000	No maturity date RM'000	Total RM'000
Insurance contract liabilities	1,585,678	338,407	435,530	1,059,977	555,164	-	2,389,078
Insurance payables	157,329	18,731	37,857	77,998	22,743	-	157,329
Subordinated term loan	53,000	-	-	53,000	-	-	53,000
Other payables	17,285	17,205	11,605	11,246	2	-	40,058
Total liabilities	1,813,292	374,343	484,992	1,202,221	577,909	-	2,639,465

32 RISK MANAGEMENT FRAMEWORK (CONTINUED)

Asset-Liability Management Risk (continued)

(a) Market risk

Market risk is the risk that the fair value of assets or future cash flows of assets supporting the insurance / investment contract liabilities, or the carrying value of the contract liabilities will fluctuate because of changes in market prices and rates. These include changes in equity prices, interest rates and exchange rates. Market risk also includes such factors as changes in economic environment, consumption pattern and investor's expectation that may have significant impact on the value of the investments.

The Company distinguishes market risk as follows:

(i) Interest rate risk;
(ii) Equity price risk; and
(iii) Currency risk.

The Company manages market risk by putting in place investment mandates and policies to ensure that appropriate investment strategy is adopted by the fund managers. In addition, asset allocation, portfolio and exposure limit structure as well as performance benchmark are also set to ensure that assets support the specific contract liabilities and that assets held are adequate and sufficient to deliver income and gains to policyholders in accordance with the terms of respective contracts and in line with the policyholders' expectations. Compliance with the investment mandates and policies is monitored and reported monthly to the Company's Executive Risk Management Committee ("ERMC") and exposures and breaches are reported as soon as practicable.

The Company also issues investment-linked policies. In the investment-linked business, the policyholders bear the investment risk on the assets held in the investment-linked funds as the policy benefits are directly linked to the net asset value of the funds. The Company's exposure to market risk on this business is therefore limited to the extent that income arising from asset management charges is based on the net asset value of the funds.

(i) Interest rate risk

The Company is exposed to interest rate risk primarily through investments of insurance funds in fixed income securities, credit facilities as well as cash deposits.

The presence of interest rate risk is the result of asset-liability duration mismatch. To illustrate, since the duration of contract liabilities is longer than the duration of assets, the Company's financial position is vulnerable to decrease in interest rates. When interest rates fall, the value of liabilities will increase significantly more than the value of assets due to the asset-liability duration mismatch, thus reducing the insurance fund's surplus.

As one of the reasons for asset-liability duration mismatch is the scarcity of longer tenure assets in the local financial market, the Company has adopted investment strategy that focuses on identifying suitable investment opportunities which can lengthen the duration of assets and acquiring longer tenure assets whenever available so as to mitigate interest rate risk.

The Company has no significant concentration of interest rate risk.

32 RISK MANAGEMENT FRAMEWORK (CONTINUED)

Asset-Liability Management Risk (continued)

(a) Market risk (continued)

(i) Interest rate risk (continued)

The sensitivity analysis below is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit before tax for the financial year ended:

Change in variables	Impact on equity before tax*	Impact on policyholders' fund
	RM'000	RM'000
31 March 2013		
+50 basis points	(3,089)	(21,037)
-50 basis points	3,042	19,060
31 March 2012		
+50 basis points	(2,823)	(27,688)
-50 basis points	2,719	13,379
01 April 2011		
+50 basis points	(2,705)	(22,600)
-50 basis points	2,559	24,046

* The above impact to the Company's equity arises from the Shareholders' fund investment in fixed income securities which are classified as financial assets. In the above analysis, the impact arising from changes in interest rate risk to fixed income securities and liabilities of the life fund are retained in the life insurance contract liabilities.

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

(ii) Equity price risk

The Company is exposed to equity price risk through direct investments in equity of listed and unlisted companies by both life insurance funds and shareholders' fund as the Company bears all or most of the volatility in returns and investment performance risk.

Equity price risk also exists in investment-linked products as the revenue of the insurance operations are linked to the value of the underlying equity funds and this has an impact on the level of fees earned.

The Company monitors its equity exposure against a benchmark set and agreed by the Investment Committee. The portfolio benchmarks include indices such as the Kuala Lumpur Composite Index and the FTSE Bursa Malaysia Index.

32 RISK MANAGEMENT FRAMEWORK (CONTINUED)

Asset-Liability Management Risk (continued)

(a) Market risk (continued)

(ii) Equity price risk (continued)

The Company's investment policy also requires it to manage market risk by monitoring the country, sector and single security exposure of the portfolio against the internal investment limits as well as regulatory limits stipulated by BNM. The Company has complied with both the internal and BNM stipulated investment limits during the financial year and has no significant concentration of equity price risk.

The sensitivity analysis below is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on Profit before Tax for the financial year ended:

	Change in variables	Impact on equity RM'000	Impact on policyholders' fund and liabilities RM'000
31 March 2013			
Bursa Malaysia	30%	2,678	46,585
Bursa Malaysia	-30%	(2,678)	(46,585)
31 March 2012			
Bursa Malaysia	30%	1,425	48,859
Bursa Malaysia	- 30%	(1,425)	(48,859)
01 April 2011			
Bursa Malaysia	40%	1,480	67,520
Bursa Malaysia	- 40%	(1,480)	(67,520)

The potential impact arising from other market indices are deemed insignificant as the Company's holdings in equity securities listed in other bourses are not material.

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

32 RISK MANAGEMENT FRAMEWORK (CONTINUED)

Asset-Liability Management Risk (continued)

(a) Market risk (continued)

(iii) Currency risk

Currency risk is the risk that relative changes in currency values will ultimately decrease the value of foreign assets or increase the value of financial obligations denominated in foreign currencies.

As the Company operates mainly in Malaysia, its financial assets are primarily maintained in Malaysia as required under the Insurance Act, 1996, and are primarily denominated in the same currency (the local RM) as its insurance and investment contract liabilities. Therefore, the main foreign exchange risk from recognised assets and liabilities arises from transactions other than those in which the insurance and investment contract liabilities are expected to be settled.

The Company does not engage in derivative transactions for speculative or hedging purposes.

As the Company's main foreign exchange risk from recognised assets and liabilities arises from reinsurance transactions for which the balances are expected to be settled and realised in less than a year, the impact arising from sensitivity in foreign exchange rates is deemed minimal as the Company has no significant concentration of foreign currency risk.

In the investment-linked business, the policyholders bear the currency risk on the foreign assets held in some of the investment-linked funds as the policy benefits are directly linked to the net asset value of the funds. The Company's exposure to currency risk on this business is therefore limited to the extent that income arising from asset management charges is based on the net asset value of the funds.

	Singapore Dollar RM'000
At 31 March 2013	
Financial instruments:	
FVTPL	64,466
Total assets	64,466
At 31 March 2012	
Financial instruments:	
FVTPL	79,335
Total assets	79,335
At 01 April 2011	
Financial instruments:	
FVTPL	102,924
Total assets	102,924

32 RISK MANAGEMENT FRAMEWORK (CONTINUED)

Operational Risk

Operational risk is the risk of loss arising from inadequate or failed internal processes, human factors and systems, or from external events. When risk control measures are inadequate or not properly implemented, operational risks can cause damage to the Company's reputation, have legal or regulatory implications or can lead to financial losses.

The day-to-day management of operational risk is through the maintenance of comprehensive internal controls supported by infrastructure, systems and procedures to monitor processes and transactions. These include effective segregation of duties, check and balance, clear reporting lines, access controls, authorization and reconciliation procedures, staff training and evaluation procedures.

The assessment of operational risk is carried out every quarter using the Q-Radar risk management system. Risk identified and rated as high will be treated with a risk mitigation action plan so as to bring down the risk to an acceptable level.

Control Self-Assessment ("CSA") exercise is also carried out twice every year to review and examine the effectiveness of the Company's key business processes, internal controls and risk management procedures.

The Internal Auditor reviews the system of internal controls to assess their ongoing relevance and effectiveness, and reports at least quarterly to the Audit Committee.

Strategic / Business Risk

Business risk is the risk of loss arising from uncertainty about the demand for products, the price that can be charged for those products, or the cost of producing and delivering the products. The Company manages business risk by having in place a proper product development process and implementing effective product risk management procedures.

Strategic risk is the risk of loss arising from adverse business decisions, improper implementation of those decisions, and lack of responsiveness to industry or competitive environmental changes. This risk is monitored through the Company's strategic planning and budgeting process.

33 TRANSITION FROM FRS TO MFRS

(a) Changes in accounting policies

The adoption of MFRS which was effective from 1 April 2012, do not have significant financial impact to the financial statements of the Company, other than as discussed below.

Prior to 1 April 2012, the Company accounted for unallocated surplus, AFS fair value reserves and assets revaluation reserves of the life insurance non-participating fund as part of its insurance contract liabilities as required under Guideline BNM/RH/GL 003-28 on Financial Reporting for Insurers issued by BNM on 22 July 2010.

Following the transition from FRS to MFRS and in accordance with MFRS 4 Insurance contracts, the Company has now reclassified the unallocated surplus, AFS fair value reserves and assets revaluation reserves of the life insurance non-participating fund from insurance contract liabilities to the respective equity components in the statement of financial position. These changes to the accounting policies are applied retrospectively.

The comparative figures have been restated following the transition to MFRS as described and illustrated below:

i. Reclassification of unallocated surplus, AFS fair value reserves and asset revaluation reserves of the life insurance non-participating fund which was previously accounted for within the insurance contract liabilities to retained earnings, AFS fair value reserves and assets revaluation reserves.
ii. Recognition of corresponding deferred taxation impact to retained earnings, AFS fair value reserves and assets revaluation reserves.

33 TRANSITION FROM FRS TO MFRS (CONTINUED)

(b) Summary of effect of changes in accounting policies (continued)

Restatement of comparatives

Statement of Financial Position

31 March 2012	As audited under FRS RM'000	MFRS adjustments RM'000	Restated 31.03.2012 RM'000
EQUITY, POLICYHOLDERS' FUNDS AND LIABILITIES			
Share capital	125,000	-	125,000
Retained earnings	49,055	161,689	210,744
Available-for-sale fair value reserves	3,120	9,813	12,933
Assets revaluation reserves	-	2,037	2,037
TOTAL EQUITY	177,175	173,539	350,714
Insurance contract liabilities	1,904,903	(216,924)	1,687,979
Deferred tax liabilities	2,177	43,385	45,562
Subordinated term loan	53,000	-	53,000
Insurance payables	140,173	-	140,173
Current tax payable	1,564	-	1,564
Other payables	17,321	-	17,321
TOTAL LIABILITIES	2,119,138	(173,539)	1,945,599
TOTAL EQUITY, POLICYHOLDERS' FUNDS AND LIABILITIES	2,296,313	-	2,296,313

33 TRANSITION FROM FRS TO MFRS (CONTINUED)

(b) Summary of effect of changes in accounting policies (continued)

Restatement of comparatives (continued)

Statement of Financial Position (continued)

	As audited under FRS RM'000	MFRS adjustments RM'000	Restated 01.04.2011 RM'000
1 April 2011			
EQUITY, POLICYHOLDERS' FUNDS AND LIABILITIES			
Share capital	125,000	-	125,000
Retained earnings	23,290	166,601	189,891
Available-for-sale fair value reserves	2,107	5,671	7,778
Assets revaluation reserves	-	1,994	1,994
TOTAL EQUITY	150,397	174,266	324,663
Insurance contract liabilities	1,803,511	(217,833)	1,585,678
Deferred tax liabilities	3,036	43,567	46,603
Subordinated term loan	53,000	-	53,000
Insurance payables	157,329	-	157,329
Current tax payable	1,427	-	1,427
Other payables	17,285	-	17,285
TOTAL LIABILITIES	2,035,588	(174,266)	1,861,322
TOTAL EQUITY, POLICYHOLDERS' FUNDS AND LIABILITIES	2,185,985	-	2,185,985

33 TRANSITION FROM FRS TO MFRS (CONTINUED)

(b) Summary of effect of changes in accounting policies (continued)

Restatement of comparatives (continued)

Income Statement

	For the financial year ended 31 March 2012		
	As audited under FRS RM'000	MFRS adjustments RM'000	As restated RM'000
Operating revenue	402,868	-	402,868
Gross premiums	313,761	-	313,761
Premiums ceded to reinsurers	(12,521)	-	(12,521)
Net premiums	301,240	-	301,240
Investment Income	89,107	-	89,107
Realised gains and losses	22,049	-	22,049
Fair value gains and losses	(23,728)	-	(23,728)
Fee income	13	-	13
Other operating income	2,415	-	2,415
Other income	89,856	-	89,856
Gross benefits and claims	(180,168)	-	(180,168)
Claims ceded to reinsurers	9,592	-	9,592
Gross change in contract liabilities	(97,166)	(6,140)	(103,306)
Change in contract liabilities ceded to reinsurers	5,553	-	5,553
Net insurance benefits and claims	(262,189)	(6,140)	(268,329)
Fee and commission expenses	(34,314)	-	(34,314)
Management expenses	(52,687)	-	(52,687)
Other expenses	(87,001)	-	(87,001)
Profit and surplus before taxation	41,906	(6,140)	35,766
Taxation of life insurance fund	(6,378)	-	(6,378)
Profit from operations	35,528	(6,140)	29,388
Finance costs	(2,912)	-	(2,912)
Profit before taxation	32,616	(6,140)	26,476
Taxation	(6,851)	1,228	(5,623)
Profit for the financial year	25,765	(4,912)	20,853
Basic earnings per share (sen)	20.61	(3.93)	16.68

33 TRANSITION FROM FRS TO MFRS (CONTINUED)

(b) Summary of effect of changes in accounting policies (continued)

Restatement of comparatives (continued)

Statement of Comprehensive Income

	For the financial year ended 31 March 2012		
	As audited under FRS RM'000	MFRS adjustments RM'000	As restated RM'000
Profit for the financial year	25,765	(4,912)	20,853
Other comprehensive income/(loss):			
Available-for-sale fair value reserves			
Gross fair value change	1,342	5,178	6,520
Deferred taxation	(329)	(1,036)	(1,365)
	1,013	4,142	5,155
Assets revaluation reserves			
Gross surplus from revaluation	-	53	53
Deferred taxation	-	(10)	(10)
	1,013	4,185	5,198
Total comprehensive income/(loss) for the financial year	26,778	(727)	26,051

34 INSURANCE FUNDS (CONTINUED)

The Company's activities are organised by funds and segregated into the life and shareholders' fund in accordance with the Insurance Act, 1996 and Insurance Regulations, 1996.

Statement of Financial Position by Funds

	Shareholders' Fund			Life Fund			Investment-linked Funds			Elimination *			Total		
		Restated	Restated		Restated	Restated		Restated	Restated		Restated	Restated		Restated	Restated
	31.03.2013	31.03.2012	01.04.2011	31.03.2013	31.03.2012	01.04.2011	31.03.2013	31.03.2012	01.04.2011	31.03.2013	31.03.2012	01.04.2011	31.03.2013	31.03.2012	01.04.2011
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Assets															
Properties and equipment	-	-	-	21,473	19,838	14,858	-	-	-	-	-	-	21,473	19,838	14,858
Investment property	-	-	-	5,000	4,850	9,800	-	-	-	-	-	-	5,000	4,850	9,800
Intangible assets	-	-	-	3,381	4,639	5,329	-	-	-	-	-	-	3,381	4,639	5,329
Prepaid lease property	-	-	-	246	250	253	-	-	-	-	-	-	246	250	253
Investments	225,324	201,085	174,954	1,918,469	1,799,545	1,682,843	222,868	227,051	277,353	-	-	-	2,366,661	2,227,681	2,135,150
Reinsurance assets	-	-	-	8,360	11,366	2,327	-	-	-	-	-	-	8,360	11,366	2,327
Insurance receivables	-	-	-	8,799	7,245	8,763	-	-	-	-	-	-	8,799	7,245	8,763
Other receivables	235,708	248,291	248,038	4,057	12,861	4,495	2,402	1,270	47	(236,181)	(246,930)	(250,958)	5,986	15,492	1,622
Tax recoverable	9	8	18	918	-	-	838	772	777	-	-	-	1,765	780	795
Cash and cash equivalents	184	100	15	7,785	3,971	6,979	84	101	94	-	-	-	8,053	4,172	7,088
	461,225	449,484	423,025	1,978,488	1,864,565	1,735,647	226,192	229,194	278,271	(236,181)	(246,930)	(250,958)	2,429,724	2,296,313	2,185,985
Share capital	125,000	125,000	125,000	-	-	-	-	-	-	-	-	-	125,000	125,000	125,000
Retained earnings	227,898	210,744	189,891	-	-	-	-	-	-	-	-	-	227,898	210,744	189,891
AFS fair value reserves	11,019	12,933	7,778	-	-	-	-	-	-	-	-	-	11,019	12,933	7,778
Asset revaluation reserves	2,074	2,037	1,994	-	-	-	-	-	-	-	-	-	2,074	2,037	1,994
Total Equity	365,991	350,714	324,663	-	-	-	-	-	-	-	-	-	365,991	350,714	324,663
Insurance contract liabilities	-	-	-	1,600,728	1,456,657	1,309,708	227,472	231,322	275,970	-	-	-	1,828,200	1,687,979	1,585,678
Deferred tax liabilities	40,868	44,552	44,666	2,551	3,178	3,063	(1,948)	(2,168)	(1,126)	-	-	-	41,471	45,562	46,603
Subordinate term loan	53,000	53,000	53,000	-	-	-	-	-	-	-	-	-	53,000	53,000	53,000
Insurance payables	-	-	-	125,071	140,173	157,329	-	-	-	-	-	-	125,071	140,173	157,329
Current tax payable	-	-	-	-	1,564	1,427	-	-	-	-	-	-	-	1,564	1,427
Other payables	1,366	1,218	696	250,138	262,993	264,120	668	40	3,427	(236,181)	(246,930)	(250,958)	15,991	17,321	17,285
Total policyholders' funds and liabilities	95,234	98,770	98,362	1,978,488	1,864,565	1,735,647	226,192	229,194	278,271	(236,181)	(246,930)	(250,958)	2,063,733	1,945,599	1,861,322
	461,225	449,484	423,025	1,978,488	1,864,565	1,735,647	226,192	229,194	278,271	(236,181)	(246,930)	(250,958)	2,429,724	2,296,313	2,185,985

34 INSURANCE FUNDS (CONTINUED)

Income Statement by Funds
For the financial year ended

	Shareholders' Fund		Life Fund		Investment-linked Funds		Total	
		Restated		Restated		Restated		Restated
	31.03.2013	31.03.2012	31.03.2013	31.03.2012	31.03.2013	31.03.2012	31.03.2013	31.03.2012
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Operating revenue	9,057	8,123	337,643	363,810	27,117	30,935	373,817	402,868
Gross premiums	-	-	256,925	290,308	18,917	23,453	275,842	313,761
Premiums ceded to reinsurers	-	-	(12,539)	(12,521)	-	-	(12,539)	(12,521)
Net premiums	-	-	244,386	277,787	18,917	23,453	263,303	301,240
Investment Income	9,057	8,123	80,718	73,502	8,200	7,482	97,975	89,107
Realised gains and losses	205	340	19,772	19,407	(2,388)	2,302	17,589	22,049
Fair value gains and losses	495	(342)	1,189	(10,357)	2,759	(13,029)	4,443	(23,728)
Fee income	-	-	2	13	-	-	2	13
Other operating income	-	-	1,324	1,316	512	1,099	1,836	2,415
Other income	9,757	8,121	103,005	83,881	9,083	(2,146)	121,845	89,856
Gross benefits and claims	-	-	(117,542)	(116,970)	(28,860)	(63,198)	(146,402)	(180,168)
Claims ceded to reinsurers	-	-	2,642	9,592	-	-	2,642	9,592
Gross change in contract liabilities	-	-	(129,736)	(147,954)	3,850	44,648	(125,886)	(103,306)
Change in contract liabilities to reinsurers	-	-	15	5,553	-	-	15	5,553
Net insurance benefits and claims	-	-	(244,621)	(249,779)	(25,010)	(18,550)	(269,631)	(268,329)

34 INSURANCE FUNDS (CONTINUED)

Income Statement by Funds
For the financial year ended (continued)

	Shareholders' Fund		Life Fund		Investment-linked Funds		Total	
		Restated		Restated		Restated		Restated
	31.03.2013	31.03.2012	31.03.2013	31.03.2012	31.03.2013	31.03.2012	31.03.2013	31.03.2012
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Fee and commission expenses	(2,986)	(405)	(30,499)	(33,909)	-	-	(33,485)	(34,314)
Management expenses	(1,888)	(2,188)	(45,284)	(47,663)	(2,515)	(2,836)	(49,687)	(52,687)
Other expenses	(4,874)	(2,593)	(75,783)	(81,572)	(2,515)	(2,836)	(83,172)	(87,001)
Profit and surplus before taxation	4,883	5,528	26,987	30,317	475	(79)	32,345	35,766
Taxation of life insurance fund	-	-	(6,802)	(6,457)	(475)	79	(7,277)	(6,378)
Profit from operations	4,883	5,528	20,185	23,860	-	-	25,068	29,388
Finance costs	(2,869)	(2,912)	-	-	-	-	(2,869)	(2,912)
Transfer from revenue accounts	20,185	23,860	(20,185)	(23,860)	-	-	-	-
Profit before taxation	22,199	26,476	-	-	-	-	22,199	26,476
Taxation	(5,045)	(5,623)	-	-	-	-	(5,045)	(5,623)
Profit for the financial year	17,154	20,853	-	-	-	-	17,154	20,853