

Company No.

277714	A
--------	---

GIBRALTAR BSN LIFE BERHAD

(Formerly known as Uni.Asia Life Assurance Berhad)

(Incorporated in Malaysia)

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

Company No.

277714

A

GIBRALTAR BSN LIFE BERHAD
(Formerly known as Uni.Asia Life Assurance Berhad)
(Incorporated in Malaysia)

FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

CONTENT	PAGE
Directors' Report	1 - 11
Statement by Directors	12
Statutory declaration	12
Independent auditors' report	13 - 14
Financial statements	
Statement of financial position	15 - 16
Statement of income	17
Statement of other comprehensive income	18
Statement of changes in equity	19
Statement of cash flows	20
Notes to the financial statements	21 - 100

Company No.

277714

A

GIBRALTAR BSN LIFE BERHAD

(Formerly known as 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 2014.

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.

CHANGE OF COMPANY NAME

With effect from 28 April 2014, the Company changed its name from Uni.Asia Life Assurance Berhad ("UAL") to Gibraltar BSN Life Berhad to reflect its identity as a member of Prudential Financial, Inc ("PFI").

FINANCIAL RESULTS

	RM'000
Profit for the financial year	<u>49,756</u>

DIVIDENDS

Since the date of the last report, the Company paid an interim single-tier exempt dividend of 2 sen per share in respect of the financial year ended 31 March 2014, totalling RM 2,500,000 on 2 May 2014. The Directors do not recommend any final dividend for the financial year ended 31 March 2014.

RESERVES AND PROVISIONS

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

SHARE CAPITAL

There was no issuance of new ordinary shares during the financial year.

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 Bank Negara Malaysia ("BNM").

Company No.

277714

A

GIBRALTAR BSN LIFE BERHAD

(Formerly known as Uni.Asia Life Assurance Berhad)

(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

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 doubtful debts in the financial statements of the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the financial statements of the Company were made out, the Directors took reasonable steps to 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.

GIBRALTAR BSN LIFE BERHAD

(Formerly known as Uni.Asia Life Assurance Berhad)

(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

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.

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 BNM/RH/GL/003-1: Minimum Standards for Prudential Management of Insurers (Consolidated) and BNM/RH/GL/003-2: Prudential Framework of Corporate Governance for Insurers, issued by BNM. 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 to protect and enhance shareholder value and financial performance of the Company.

(b) Key issues and aspects

Key elements of the industry's corporate governance captured by the Frameworks 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.
- iv. The process in respect to disclosure of conflict of interest situation where arise.

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 eight non-executive Directors with vast experience, of which three 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 Director 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.

GIBRALTAR BSN LIFE BERHAD
(Formerly known as Uni.Asia Life Assurance Berhad)
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

CORPORATE GOVERNANCE (CONTINUED)

(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 plan
- 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:

i) Independent Directors

Name of Directors

Dato' Haji Kamil Khalid Ariff	Appointed on 2 January 2014
Datuk Azizan Bin Haji Abd Rahman	Appointed on 2 January 2014
Dato' Danapalan A/L T.P. Vinggrasalam	Resigned on 2 January 2014
Dato' Dr. Mohd Shahari Bin Ahmad Jabar	Resigned on 2 January 2014
Dato' Majid Bin Mohamad	Resigned on 2 January 2014
Lee Siang Korn @ Lee Siang Chin	Resigned on 2 January 2014

GIBRALTAR BSN LIFE BERHAD
(Formerly known as Uni.Asia Life Assurance Berhad)
 (Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

CORPORATE GOVERNANCE (CONTINUED)

(d) Supply of information (continued)

ii) Non-Independent Directors

Name of Directors

Benett Maximillian Theseira (Chairman)	Appointed on 11 February 2014
Jan van den Berg	Appointed on 2 January 2014
Tim Oommen Thomas	Appointed on 2 January 2014
John Sneddon McConnachie	Appointed on 2 January 2014
Datuk Adinan Bin Maning	Appointed on 2 January 2014
Dato' Mohamed Hazlan Bin Mohamed Hussain	Resigned on 2 January 2014
Lee Chin Yong	Resigned on 2 January 2014
Dato' Chan Choy Lin	Resigned on 2 January 2014
Chan Kok Seong	Resigned on 2 January 2014

The Board meetings and attendance for the financial year ended 31 March 2014 are as follows:

<u>Name of Directors</u>	<u>Number of Board meetings</u>	
	Attend	Held
Benett Maximillian Theseira	1	1
Jan van den Berg	2	2
Tim Oommen Thomas	2	2
John Sneddon McConnachie	2	2
Datuk Adinan Bin Maning	2	2
Datuk Azizan Bin Haji Abd Rahman	2	2
Dato' Danapalan A/L T.P. Vinggrasalam	1	2
Dato' Haji Kamil Khalid Ariff	6	6
Lee Chin Yong	4	4
Dato' Mohamed Hazlan Bin Mohamed Hussain	4	4
Dato' Chan Choy Lin	4	4
Dato' Dr. Mohd Shahari Bin Ahmad Jabar	4	4
Dato' Majid Bin Mohamad	4	4
Chan Kok Seong	3	4
Lee Siang Korn @ Lee Siang Chin	3	4

GIBRALTAR BSN LIFE BERHAD

(Formerly known as Uni.Asia Life Assurance Berhad)

(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

CORPORATE GOVERNANCE (CONTINUED)

(e) Appointment/re-appointment of Directors

The appointments/re-appointments of the Directors is 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 be retired or 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.

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 requirements of the Companies Act, 1965 in Malaysia.

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.

GIBRALTAR BSN LIFE BERHAD*(Formerly known as Uni.Asia Life Assurance Berhad)*

(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)**CORPORATE GOVERNANCE (CONTINUED)****(i) Board Committees**

The Board has assigned specific responsibilities to five Board committees (Audit, Remuneration, Nomination, Risk Management, 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) Audit Committee

The Audit Committee comprises the following members;

Datuk Azizan Bin Haji Abd Rahman (Chairman)	Appointed on 8 January 2014
Dato' Haji Kamil Khalid Ariff	Appointed on 8 January 2014
Tim Oommen Thomas	Appointed on 8 January 2014
Dato' Dr. Mohd Shahari Bin Ahmad Jabar (Chairman)	Resigned on 2 January 2014
Dato' Chan Choy Lin	Resigned on 2 January 2014
Dato' Majid Bin Mohamad	Resigned on 2 January 2014

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.

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)	
Jan van den Berg	Appointed on 8 January 2014
Tim Oommen Thomas	Appointed on 8 January 2014
Dato' Danapalan A/L T.P. Vinggrasalam	Appointed on 8 January 2014
Lee Chin Yong	Resigned on 2 January 2014
Dato' Majid Bin Mohamad	Resigned on 2 January 2014
Dato' Mohamed Hazlan Bin Mohamed Hussain	Resigned on 2 January 2014
Lee Siang Korn @ Lee Siang Chin	Resigned on 2 January 2014

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.

GIBRALTAR BSN LIFE BERHAD*(Formerly known as Uni.Asia Life Assurance Berhad)*

(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)**CORPORATE GOVERNANCE (CONTINUED)****(k) Remuneration Committee (continued)**

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 BNM/RH/GL 015-3.

(l) Nomination Committee

The Nomination Committee comprises the following members;

Dato' Haji Kamil Khalid Ariff (Chairman)	
Jan van den Berg	Appointed on 8 January 2014
Tim Oommen Thomas	Appointed on 8 January 2014
John Sneddon McConnachie	Appointed on 8 January 2014
Dato' Danapalan A/L T.P. Vinggrasalam	Appointed on 8 January 2014
Lee Chin Yong	Resigned on 2 January 2014
Dato' Dr. Mohd Shahari Bin Ahmad Jabar	Resigned on 2 January 2014
Dato' Majid Bin Mohamad	Resigned on 2 January 2014

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' Haji Kamil Khalid Ariff (Chairman)	Appointed on 8 January 2014
Tim Oommen Thomas	Appointed on 8 January 2014
Datuk Azizan Bin Haji Abd Rahman	Appointed on 8 January 2014
Benett Maximillian Theseira	Appointed on 11 February 2014
Dato' Majid Bin Mohamad (Chairman)	Resigned on 2 January 2014
Lee Chin Yong	Resigned on 2 January 2014
Chan Kok Seong	Resigned on 2 January 2014

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;

GIBRALTAR BSN LIFE BERHAD

(Formerly known as Uni.Asia Life Assurance Berhad)

(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

CORPORATE GOVERNANCE (CONTINUED)

(m) Risk Management Committee (continued)

- 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 - dissolved

The Executive Committee comprised the following members;

Lee Chin Yong (Chairman)	Resigned on 2 January 2014
Dato' Mohamed Hazlan Bin Mohamed Hussain	Resigned on 2 January 2014
Chan Kok Seong	Resigned on 2 January 2014

The Executive Committee was dissolved with effect on 8 January 2014.

The Committee reviewed matters relevant to the operations of the Company and was empowered by the Board with relevant authority for effective and efficient decision making.

(o) Investment Committee

The Investment Committee comprises the following members;

Tim Oommen Thomas (Chairman)	Appointed on 27 March 2014
Datuk Adinan Bin Maning	Appointed on 8 January 2014
John Sneddon McConnachie	Appointed on 8 January 2014
Lee Siang Korn @ Lee Siang Chin (Chairman)	Resigned on 2 January 2014
Lee Chin Yong	Resigned on 2 January 2014
Dato' Mohamed Hazlan Bin Mohamed Hussain	Resigned on 2 January 2014
Chan Kok Seong	Resigned on 2 January 2014

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.

Company No.

277714

A

GIBRALTAR BSN LIFE BERHAD

(Formerly known as Uni.Asia Life Assurance Berhad)

(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

DIRECTOR'S INTEREST IN SHARES

According to the register of Directors' shareholdings, the Directors in office at the end of the financial year did not hold any interest in shares and options over shares in the Company or shares and debentures of its related corporations during the financial year.

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.

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

On 15 August 2013, the Company's former immediate holding company, Uni.Asia Capital Sdn Bhd, submitted an application to Bank Negara Malaysia for approval, pursuant to Sections 89 and 90 of the Financial Services Act 2013, to dispose its 100% equity interest in the Company for a total cash consideration of RM518 million subject to adjustment, if any.

Following the approval of the Minister of Finance through a letter, dated 18 December 2013, from Bank Negara Malaysia, Prudential Financial, Inc., through its subsidiary, The Prudential Insurance Company of America and Bank Simpanan Nasional completed the acquisition of the Company, on 2 January 2014, via a 70%:30% joint venture arrangement.

ULTIMATE HOLDING COMPANY

The Directors regard Prudential Financial, Inc., as the ultimate holding company and The Prudential Insurance Company of America, as the penultimate holding company. Both companies are incorporated in the United States of America.

Company No.

277714	A
--------	---

GIBRALTAR BSN LIFE BERHAD
(Formerly known as Uni.Asia Life Assurance Berhad)
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

AUDITORS

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

Signed on behalf of the Board in accordance with their resolution dated 29 May 2014.

BENETT MAXIMILLIAN THESEIRA
CHAIRMAN

DATUK AZIZAN BIN HAJI ABD RAHMAN
DIRECTOR

Kuala Lumpur, Wilayah Persekutuan

Company No.

277714

A

GIBRALTAR BSN LIFE BERHAD

(Formerly known as Uni.Asia Life Assurance Berhad)

(Incorporated in Malaysia)

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

We, Benett Maximillian Theseira and Datuk Azizan Bin Haji Abd Rahman, two of the Directors, state that, in the opinion of the Directors, the financial statements set out on pages 15 to 100 are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 March 2014 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 29 May 2014.

BENETT MAXIMILLIAN THESEIRA
CHAIRMAN

DATUK AZIZAN BIN HAJI ABD RAHMAN
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 Gibraltar BSN Life Berhad, do solemnly and sincerely declare that the financial statements set out on pages 15 to 100 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 29 May 2014, before me.

COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF GIBRALTAR BSN LIFE BERHAD
(Formerly known as Uni.Asia Life Assurance Berhad)
(Incorporated in Malaysia)
(Company No. 277714 A)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Gibraltar BSN Life Berhad (formerly known as Uni.Asia Life Assurance Berhad), which comprise the statement of financial position as at 31 March 2014, 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 to the financial statements, as set out on pages 15 to 100.

Directors' Responsibilities for the Financial Statements

The Directors 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. The Directors are also responsible 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.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF GIBRALTAR BSN LIFE BERHAD (CONTINUED)
(Formerly known as Uni.Asia Life Assurance Berhad)
(Incorporated in Malaysia)
(Company No. 277714 A)

REPORT ON THE FINANCIAL STATEMENTS (CONTINUED)

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 March 2014 and of its financial performance and cash flows for the financial year then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and comply with the requirements of the Companies Act, 1965 in Malaysia.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

OTHER MATTERS

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

PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Chartered Accountants

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

Kuala Lumpur
29 May 2014

Company No.

277714	A
--------	---

GIBRALTAR BSN LIFE BERHAD
(Formerly known as Uni.Asia Life Assurance Berhad)
 (Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2014

	<u>Note</u>	<u>2014</u> RM'000	<u>2013</u> RM'000
ASSETS			
Properties and equipment	3	23,488	21,473
Investment property	4	5,500	5,000
Intangible assets	5	3,391	3,381
Prepaid lease property	6	243	246
Investments	7	2,215,404	2,361,485
Malaysian Government Securities		51,548	114,244
Malaysian government guaranteed bonds		190,533	89,821
Debt securities		1,009,471	1,089,105
Equity securities		288,158	190,061
Structured investments		80,222	80,054
Unit trust and property trust funds		54,828	74,866
Loans		90,727	87,407
Fixed and call deposits		449,917	635,927
Reinsurance assets	8	6,131	8,360
Insurance receivables	9	8,298	8,799
Other receivables	10	15,409	5,986
Tax recoverable		9,734	1,765
Cash and cash equivalents		12,475	8,053
TOTAL ASSETS		<u><u>2,300,073</u></u>	<u><u>2,424,548</u></u>

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

Company No.

277714

A

GIBRALTAR BSN LIFE BERHAD
(Formerly known as Uni.Asia Life Assurance Berhad)
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2014 (CONTINUED)

	<u>Note</u>	<u>2014</u> RM'000	<u>2013</u> RM'000
EQUITY, POLICYHOLDERS' FUNDS AND LIABILITIES			
Share capital	11	125,000	125,000
Retained earnings		277,654	227,898
Available-for-sale fair value reserves		(1,203)	11,019
Asset revaluation reserves		2,259	2,074
TOTAL EQUITY		<u>403,710</u>	<u>365,991</u>
Insurance contract liabilities	12	1,712,093	1,823,024
Deferred tax liabilities	13	50,249	41,471
Subordinated term loan	14	-	53,000
Insurance payables	15	109,307	125,071
Other payables	16	24,714	15,991
TOTAL LIABILITIES		<u>1,896,363</u>	<u>2,058,557</u>
TOTAL EQUITY, POLICYHOLDERS' FUNDS AND LIABILITIES		<u><u>2,300,073</u></u>	<u><u>2,424,548</u></u>

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

Company No.

277714

A

GIBRALTAR BSN LIFE BERHAD
(Formerly known as Uni.Asia Life Assurance Berhad)
 (Incorporated in Malaysia)

STATEMENT OF INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

	Note	<u>2014</u> RM'000	<u>2013</u> RM'000
Operating revenue	17	<u>388,825</u>	<u>373,817</u>
Gross premiums	18 (a)	296,071	275,842
Premiums ceded to reinsurers	18 (b)	<u>(13,370)</u>	<u>(12,539)</u>
Net premiums		282,701	263,303
Investment Income	19	92,754	97,975
Realised gains/(losses)	20	30,011	17,589
Fair value gains/(losses)	21	23,710	4,318
Fee income	22	4	2
Other operating income		<u>1,850</u>	<u>1,836</u>
Other income		148,329	121,720
Gross benefits and claims	23 (a)	(400,485)	(146,402)
Claims ceded to reinsurers	23 (b)	7,344	2,642
Gross change in contract liabilities	23 (c)	129,608	(125,761)
Change in contract liabilities ceded to reinsurers	23 (d)	<u>(2,850)</u>	<u>15</u>
Net insurance benefits and claims		(266,383)	(269,506)
Fee and commission expenses		(29,962)	(33,485)
Management expenses	24	<u>(58,275)</u>	<u>(49,687)</u>
Other expenses		(88,237)	(83,172)
Profit from operations		76,410	32,345
Finance costs	25	<u>(2,140)</u>	<u>(2,869)</u>
Profit/surplus before taxation		74,270	29,476
Income tax expense attributable to participating fund and unit holders		<u>(7,152)</u>	<u>(4,540)</u>
Profit before tax attributable to shareholders		67,118	24,936
Tax expenses	26	(24,514)	(12,322)
Tax expense attributable to participating fund and unit holders		<u>7,152</u>	<u>4,540</u>
Tax expense attributable to shareholders		(17,362)	(7,782)
Profit for the financial year		<u>49,756</u>	<u>17,154</u>
Basic earnings per share (sen)	27	<u>39.80</u>	<u>13.72</u>

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

Company No.

277714

A

GIBRALTAR BSN LIFE BERHAD
(Formerly known as Uni.Asia Life Assurance Berhad)
 (Incorporated in Malaysia)

**STATEMENT OF OTHER COMPREHENSIVE INCOME
 FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014**

	<u>Note</u>	<u>2014</u> RM'000	<u>2013</u> RM'000
Profit for the financial year		49,756	17,154
Other comprehensive income/(loss):			
<u>Item that may be subsequently reclassified to statement of income:</u>			
Available-for-sale fair value reserves			
- Gross fair value changes	7(e)	(28,168)	(9,019)
- Taxation	13	5,247	1,187
Change in insurance contract liabilities arising from			
- Unrealised fair value changes	12	11,629	6,433
- Taxation	12	(930)	(515)
		<u>(12,222)</u>	<u>(1,914)</u>
<u>Item that may not be subsequently reclassified to statement of income:</u>			
Gross surplus from revaluation of properties and equipment		1,664	351
Taxation	13	(46)	(9)
Change in insurance contract liabilities arising from			
- Unrealised fair value changes	12	(1,433)	(305)
		<u>185</u>	<u>37</u>
Total comprehensive income for the financial year		<u><u>37,719</u></u>	<u><u>15,277</u></u>

The accompanying notes form an integral part of the financial statements

Company No.

277714	A
--------	---

GIBRALTAR BSN LIFE BERHAD

(Formerly known as Uni.Asia Life Assurance Berhad)

(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

			Non-distributable		Distributable	
	Share capital	Assets revaluation reserves	Available for-sale fair value reserves	Life non participating surplus *	Retained earnings	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 April 2013	125,000	2,074	11,019	149,837	78,061	365,991
Other comprehensive loss for the financial year	-	185	(12,222)	-	-	(12,037)
Profit for the financial year	-	-	-	47,833	1,923	49,756
At 31 March 2014	<u>125,000</u>	<u>2,259</u>	<u>(1,203)</u>	<u>197,670</u>	<u>79,984</u>	<u>403,710</u>
As at 1 April 2012	125,000	2,037	12,933	161,689	49,055	350,714
Other comprehensive loss for the financial year	-	37	(1,914)	-	-	(1,877)
Profit for the financial year	-	-	-	15,901	1,253	17,154
Transfer from life non-participating surplus as recommended by the Appointed Actuary (net of tax)	-	-	-	(27,753)	27,753	-
At 31 March 2013	<u>125,000</u>	<u>2,074</u>	<u>11,019</u>	<u>149,837</u>	<u>78,061</u>	<u>365,991</u>

* The Life non-participating surplus amount is net of deferred tax. This amount is restricted for distribution until the actual recommended transfer from the life fund into the shareholders' fund by the Appointed Actuary in accordance to the Financial Services Act, 2013.

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

Company No.

277714

A

GIBRALTAR BSN LIFE BERHAD
(Formerly known as Uni.Asia Life Assurance Berhad)
 (Incorporated in Malaysia)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

	<u>Note</u>	<u>2014</u> RM'000	<u>2013</u> RM'000
OPERATING ACTIVITIES			
Cash used in operating activities	28	(8,831)	(67,059)
Dividend income received		8,887	8,581
Interest/profit income received		81,835	86,590
Rental income on investment property received		290	257
Finance cost paid		(2,383)	(2,871)
Income tax paid		(18,651)	(17,782)
Net cash flow from operating activities		<u>61,147</u>	<u>7,716</u>
INVESTING ACTIVITIES			
Proceeds from disposal of properties and equipment		65	46
Purchase of properties and equipment		(2,247)	(2,993)
Purchase of intangible assets		(1,543)	(888)
Net cash flow used in investing activities		<u>(3,725)</u>	<u>(3,835)</u>
FINANCING ACTIVITIES			
Repayment of subordinated term loan to former immediate holding company		(53,000)	-
Net cash flow used in financing activities		<u>(53,000)</u>	<u>-</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		4,422	3,881
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		<u>8,053</u>	<u>4,172</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR		<u><u>12,475</u></u>	<u><u>8,053</u></u>
Cash and cash equivalents comprise:			
Cash and bank balances		<u>12,475</u>	<u>8,053</u>
		<u><u>12,475</u></u>	<u><u>8,053</u></u>

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

Company No.

277714

A

GIBRALTAR BSN LIFE BERHAD
(Formerly known as Uni.Asia Life Assurance Berhad)
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

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 Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan.

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

With effect from 28 April 2014, the Company changed its name from Uni.Asia Life Assurance Berhad ("UAL") to Gibraltar BSN Life Berhad to reflect its identity as a member of Prudential Financial, Inc ("PFI"). The immediate holding, penultimate holding and ultimate holding companies are Pramerica BSN Holdings Sdn Bhd, a company incorporated in Malaysia, The Prudential Insurance Company of America and Prudential Financial, Inc., both incorporated in the United States of America.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors dated 29 May 2014

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 for the financial year ended 31 March 2014 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, the Insurance Act, 1996 (repealed on 30 June 2013) and the Financial Services Act, 2013 (effective on 30 June 2013) 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 Board of 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.

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

GIBRALTAR BSN LIFE BERHAD
(Formerly known as Uni.Asia Life Assurance Berhad)
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (CONTINUED)

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 applicable and effective to the Company:

(i) MFRS 13: Fair value measurement

MFRS 13 “Fair value measurement” 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.

(ii) Amendment to MFRS 7: Financial Instruments: Disclosures

Amendment to MFRS 7 “Financial Instruments: Disclosures” 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.

(iii) Amendment to MFRS 101: Presentation of items of other comprehensive income

Amendment to MFRS 101 “Presentation of items of other comprehensive income” 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.

Other than enhanced disclosure to the financial statements, there was no significant change to the Company’s accounting policies from the application of the above accounting standards amendments to published standards and interpretations to existing standards.

GIBRALTAR BSN LIFE BERHAD
(Formerly known as Uni.Asia Life Assurance Berhad)
 (Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (CONTINUED)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

- (b) New accounting standards, amendments and improvements to published standards and interpretations to the existing standards that are applicable to the Company but not yet effective:

- Financial year beginning on/after 1 April 2014

Amendment to 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.

- Effective date not yet determined by the Malaysia Accounting Standards Board ("MASB")

MFRS 9: Financial Instruments: Classification and Measurement of Financial Assets and Financial Liabilities

MFRS 9, 'Financial Instruments – Classification and Measurement of Financial Assets and Financial Liabilities' replaces the parts of MFRS 139 that relate to the classification and measurement of financial instruments. MFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the MFRS 139 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the statement of income, unless this creates an accounting mismatch. The Company is yet to assess the full impact of MFRS 9. The Company will also consider the impact of the remaining phases of MFRS 9 when completed by the Malaysia Accounting Standards Board.

All other new amendments to the published standard and interpretation to existing standard issued by MASB effective for financial periods subsequent to 1 January 2014 are not relevant to the Company.

GIBRALTAR BSN LIFE BERHAD
(Formerly known as *Uni.Asia Life Assurance Berhad*)
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (CONTINUED)

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 statement of income.

2.3 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 statement of income 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 statement of income. 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.

GIBRALTAR BSN LIFE BERHAD
(Formerly known as Uni.Asia Life Assurance Berhad)
 (Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (CONTINUED)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 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 statement of income. On disposal of revalued assets, the revaluation reserves relating to those assets are 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.

GIBRALTAR BSN LIFE BERHAD
(Formerly known as Uni.Asia Life Assurance Berhad)
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (CONTINUED)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Significant accounting policies (continued)

(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 statement of income 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 statement of income 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 statement of income. 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.

GIBRALTAR BSN LIFE BERHAD
(Formerly known as Uni.Asia Life Assurance Berhad)
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (CONTINUED)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Significant accounting policies (continued)

(f) Cash and cash equivalents

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

(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 statement of income over the period of the borrowings.

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

(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.

GIBRALTAR BSN LIFE BERHAD
(Formerly known as Uni.Asia Life Assurance Berhad)
 (Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (CONTINUED)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Significant accounting policies (continued)

(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.

(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 statement of income 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.

GIBRALTAR BSN LIFE BERHAD
(Formerly known as *Uni.Asia Life Assurance Berhad*)
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (CONTINUED)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Significant accounting policies (continued)

(m) Product classification (continued)

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.

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.

GIBRALTAR BSN LIFE BERHAD
(Formerly known as Uni.Asia Life Assurance Berhad)
 (Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (CONTINUED)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Significant accounting policies (continued)

(m) Product classification (continued)

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. 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 if 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.

(n) Reinsurance

The Company cedes insurance risk in the normal course of business 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 statement of income.

GIBRALTAR BSN LIFE BERHAD
(Formerly known as Uni.Asia Life Assurance Berhad)
 (Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (CONTINUED)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Significant accounting policies (continued)

(n) Reinsurance (continued)

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 RBC Framework as follows:

Participating fund insurance contract liabilities

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.

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.

GIBRALTAR BSN LIFE BERHAD
(Formerly known as Uni.Asia Life Assurance Berhad)
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (CONTINUED)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Significant accounting policies (continued)

(o) Life insurance contract liabilities (continued)

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.

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 have complied with the liability adequacy test.

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 contract liabilities is 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.

GIBRALTAR BSN LIFE BERHAD
(Formerly known as Uni.Asia Life Assurance Berhad)
 (Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (CONTINUED)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Significant accounting policies (continued)

(o) Life insurance contract liabilities (continued)

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 are equal to the net asset value of the investment-linked funds.

(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 Financial Services Act, 2013 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.

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.

GIBRALTAR BSN LIFE BERHAD
(Formerly known as Uni.Asia Life Assurance Berhad)
 (Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (CONTINUED)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Significant accounting policies (continued)

(p) Life insurance underwriting results

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 statement of income 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.

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 statement of income.

GIBRALTAR BSN LIFE BERHAD
(Formerly known as Uni.Asia Life Assurance Berhad)
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (CONTINUED)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Significant accounting policies (continued)

(r) Taxation

Income tax on statement of income 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.

GIBRALTAR BSN LIFE BERHAD
(Formerly known as Uni.Asia Life Assurance Berhad)
 (Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (CONTINUED)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 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, derivative and those designated at fair value through statement of income 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 at inception, 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 statement of income. Subsequent to initial recognition, these investments are re-measured at fair value. Fair value adjustments and realised gains and losses are recognised in statement of income.

(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 to 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 statement of income 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 statement of income when the investments are derecognised or impaired, as well as through the amortisation process.

GIBRALTAR BSN LIFE BERHAD
(Formerly known as Uni.Asia Life Assurance Berhad)
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (CONTINUED)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 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 statement of income.

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

GIBRALTAR BSN LIFE BERHAD
(Formerly known as Uni.Asia Life Assurance Berhad)
 (Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (CONTINUED)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 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 debenture securities (Malaysia Government Securities, debt securities) are measured based on the bid price obtained from Bond Pricing Agency Malaysia.

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 assess at each reporting date whether a financial asset or group financial assets is impaired. A financial asset or group financial assets is impaired only if there is objective evidence of impairment as a result of one or more events that occurred has an impact on the estimated future cash flows that can be reliably estimated.

GIBRALTAR BSN LIFE BERHAD
(Formerly known as Uni.Asia Life Assurance Berhad)
 (Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (CONTINUED)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Significant accounting policies (continued)

(v) Impairment of assets (continued)

- Financial assets carried at amortised costs

If there is objective evidence that an impairment loss on assets carried at amortised cost has been incurred, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flow (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 statement of income. If in a subsequent period, the amount of the impairment loss decreases, the amount of reversal shall recognised in the statement of income.

- 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 statement of income. Reversal of impairment loss on equity instruments classified as AFS is not recognised in statement of income. Reversal of impairment losses on debt instruments classified as AFS is reversed through statement of income 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 statement of income.

- Financial assets carried at cost

if there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument carried at cost, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial assets.

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.

GIBRALTAR BSN LIFE BERHAD
(Formerly known as Uni.Asia Life Assurance Berhad)
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (CONTINUED)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 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 statement of income 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 statement of income unless it reverses an impairment loss on a revalued asset, in which case it is taken a revaluation surplus.

(w) Fair value measurement

The Company categorises its fair value measurements according to a three-level hierarchy. The hierarchy prioritises the inputs used by the Company's valuation techniques for determining the fair value of the financial instruments. A level is assigned to each fair value measurement based on the lowest level input significant to the fair value measurement in its entirety. The three-level hierarchy is defined as follows:

Level 1 – Fair value measurements that are measured by reference to published quotes prices (unadjusted) in active markets for identical assets and liabilities that the Company has the ability to access at the measurement date. Valuations are based on quoted prices reflecting market transactions involving assets or liabilities identical to those being measured.

Level 2 – Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in inactive markets, inputs that are observable that are not prices (such as interest rates, credit risks, etc) and inputs that are derived from or corroborated by observable market data. Valuation techniques are based on assumptions that are supported by prices from observable current market transaction are instruments for which pricing is obtained.

Level 3 – Fair value measurements using significant non market observable inputs. These include valuations for assets and liabilities that are derived using data, some or all of which is not market observable, including assumptions about risk. Unobservable inputs are inputs not supported by market data, but which are set on the basis that they represent what is reasonable given the prevailing market conditions.

In determining the fair value of its financial instruments, the Company uses observable market data, when available, and minimises the use of unobservable inputs to the extent possible when determining fair value.

GIBRALTAR BSN LIFE BERHAD
(Formerly known as Uni.Asia Life Assurance Berhad)
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (CONTINUED)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 content 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.

GIBRALTAR BSN LIFE BERHAD
(Formerly known as *Uni.Asia Life Assurance Berhad*)
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (CONTINUED)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Critical accounting estimates and judgements (continued)

A Critical accounting estimates and assumptions (continued)

Assumption on future expenses are based on the experience of the Company and long-term expected expenses levels. An inflation rate of 4% per annum is assumed over time. The Company conducts an expenses study annually. The Company is currently in an expense overrun position estimated on the basis of the expected cost in restructuring the portfolio of business should the portfolio be held on a run-off basis. Allowance is also made for payment of commission to distributors. 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(e)(vi) 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.

Company No.

277714	A
--------	---

GIBRALTAR BSN LIFE BERHAD

(Formerly known as Uni.Asia Life Assurance Berhad)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (CONTINUED)

3 PROPERTIES AND EQUIPMENT

	<u>Note</u>	<u>Freehold land</u> RM'000	<u>Buildings</u> RM'000	<u>Motor vehicles</u> RM'000	<u>Office equipment and computers</u> RM'000	<u>Furniture fittings and renovation</u> RM'000	<u>Total</u> RM'000
<u>Cost/valuation</u>							
At 1 April 2013		7,800	9,950	417	12,924	6,770	37,861
Additions		-	-	279	974	994	2,247
Disposals		-	-	(317)	(85)	(1)	(403)
Reversal on accumulated depreciation on property		-	(174)	-	-	-	(174)
Revaluation surplus in insurance contract liabilities	12	866	567	-	-	-	1,433
Revaluation surplus/(reversal)recorded in other comprehensive income		234	(3)	-	-	-	231
At 31 March 2014		<u>8,900</u>	<u>10,340</u>	<u>379</u>	<u>13,813</u>	<u>7,763</u>	<u>41,195</u>
<u>Accumulated depreciation</u>							
At 1 April 2013		-	-	253	12,031	4,104	16,388
Disposals		-	-	(265)	(73)	(1)	(339)
Reversal on accumulated depreciation on property		-	(174)	-	-	-	(174)
Depreciation charge		-	174	86	576	996	1,832
At 31 March 2014		<u>-</u>	<u>-</u>	<u>74</u>	<u>12,534</u>	<u>5,099</u>	<u>17,707</u>
<u>Net book value</u>							
At 31 March 2014		<u>8,900</u>	<u>10,340</u>	<u>305</u>	<u>1,279</u>	<u>2,664</u>	<u>23,488</u>

Company No.

277714	A
--------	---

GIBRALTAR BSN LIFE BERHAD

(Formerly known as Uni.Asia Life Assurance Berhad)
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (CONTINUED)

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
<u>Cost/valuation</u>							
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
Reversal on accumulated depreciation on property		-	(179)	-	-	-	(179)
Revaluation surplus/(reversal) in insurance contract liabilities	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
<u>Accumulated depreciation</u>							
At 1 April 2012		-	-	277	11,745	3,287	15,309
Disposals		-	-	(60)	(356)	(4)	(420)
Transfer from intangible assets	5	-	-	-	3	-	3
Reversal on accumulated depreciation on property		-	(179)	-	-	-	(179)
Depreciation charge		-	179	36	639	821	1,675
At 31 March 2013		-	-	253	12,031	4,104	16,388
<u>Net book value</u>							
At 31 March 2013		7,800	9,950	164	893	2,666	21,473

The land and building were revalued in 2014 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).

Company No.

277714

A

GIBRALTAR BSN LIFE BERHAD
(Formerly known as Uni.Asia Life Assurance Berhad)
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (CONTINUED)

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:

	<u>2014</u> RM'000	<u>2013</u> RM'000
Freehold building and long term leasehold buildings	5,832	5,930

The long term leasehold buildings have unexpired lease periods ranging from 65 years to 80 years (2013: 66 years to 81 years)

Fair value information

Fair value of land and building is categorised as Level 2 as follows:

	<u>Level 2</u> RM'000
<u>31 March 2014</u>	
Land	8,900
Building	10,340
Total land and building	<u>19,240</u>

Comparative figures have not been analysed by levels by virtue of transitional provision given in Appendix C2 of MFRS 13 Fair Value Measurement.

Company No.

277714

A

GIBRALTAR BSN LIFE BERHAD
(Formerly known as Uni.Asia Life Assurance Berhad)
 (Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (CONTINUED)

4 INVESTMENT PROPERTY

	<u>Note</u>	<u>2014</u> RM'000	<u>2013</u> RM'000
At 1 April		5,000	4,850
Fair value changes	21	500	150
		<u>5,500</u>	<u>5,000</u>
At 31 March		<u>5,500</u>	<u>5,000</u>
The following investment property is held under lease terms:			
Leasehold land and building		<u>5,500</u>	<u>5,000</u>

Investment property is stated at fair value, which had been determined based on valuations performed by an external independent professional valuer in 2014. Valuation is performed on an annual basis and fair value changes are recorded in the statement of income. Investment property was revalued on 31 March 2014 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).

Fair value information

Fair value of investment property is categorised as Level 2 as follows:

	<u>Level 2</u> RM'000
<u>31 March 2014</u>	
Investment property	<u>5,500</u>

Comparative figures have not been analysed by levels by virtue of transitional provision given in Appendix C2 of MFRS 13 Fair Value Measurement.

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

	<u>2014</u> RM'000	<u>2013</u> RM'000
Rental income	327	254
Direct operating expenses	(38)	(8)
	<u>289</u>	<u>246</u>

Company No.

277714

A

GIBRALTAR BSN LIFE BERHAD
(Formerly known as Uni.Asia Life Assurance Berhad)
 (Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (CONTINUED)

5 INTANGIBLE ASSETS

	<u>Note</u>	<u>2014</u> RM'000	<u>2013</u> RM'000
<u>Software costs</u>			
<u>Cost</u>			
At 1 April		7,240	7,449
Additions		1,543	888
Write-off		-	(1,062)
Transfer to properties and equipment	3	-	(35)
At 31 March		<u>8,783</u>	<u>7,240</u>
<u>Accumulated amortisation</u>			
At 1 April		3,859	2,810
Charge for the financial year		1,533	1,353
Write-off		-	(301)
Transfer to properties and equipment	3	-	(3)
At 31 March		<u>5,392</u>	<u>3,859</u>
<u>Net book value</u>			
At 31 March		<u><u>3,391</u></u>	<u><u>3,381</u></u>

6 PREPAID LEASE PROPERTY

	<u>2014</u> RM'000	<u>2013</u> RM'000
<u>Cost</u>		
At 1 April / 31 March	265	265
<u>Accumulated amortisation</u>		
At 1 April	19	15
Charge for the financial year	3	4
At 31 March	<u>22</u>	<u>19</u>
<u>Net book value</u>		
At 31 March	<u><u>243</u></u>	<u><u>246</u></u>

Company No.

277714

A

GIBRALTAR BSN LIFE BERHAD
(Formerly known as Uni.Asia Life Assurance Berhad)
 (Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (CONTINUED)

7 INVESTMENTS

	<u>2014</u> RM'000	<u>2013</u> RM'000
Malaysian Government Securities	51,548	114,244
Malaysian government guaranteed bonds	190,533	89,821
Debt securities	1,009,471	1,089,105
Equity securities	288,158	190,061
Structured investments	80,222	80,054
Unit trust and property trust funds	54,828	74,866
Loans	90,727	87,407
Fixed and call deposits	449,917	635,927
	<u>2,215,404</u>	<u>2,361,485</u>
Held-to-maturity financial assets ("HTM")	373,903	383,961
Loans and receivables ("LAR")	540,644	723,334
Available-for-sale financial assets ("AFS")	864,131	897,842
Fair value through profit and loss financial assets ("FVTPL")	436,726	356,348
	<u>2,215,404</u>	<u>2,361,485</u>
The following investments mature after 12 months:		
HTM	349,744	363,791
LAR	89,327	86,728
AFS	782,698	865,195
	<u>1,221,769</u>	<u>1,315,714</u>

Company No.

277714	A
--------	---

GIBRALTAR BSN LIFE BERHAD
(Formerly known as Uni.Asia Life Assurance Berhad)
 (Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (CONTINUED)

7 INVESTMENTS (CONTINUED)

(a) HTM

	<u>2014</u> RM'000	<u>2013</u> RM'000
<u>Amortised cost</u>		
Unquoted in Malaysia		
Malaysian Government Securities	19,985	20,004
Malaysian government guaranteed bonds	15,025	5,005
Debt securities	333,993	353,882
Accrued interest	4,900	5,070
	<u>373,903</u>	<u>383,961</u>
<u>Fair value</u>		
Unquoted in Malaysia		
Malaysian Government Securities	20,194	20,489
Malaysian government guaranteed bonds	14,344	5,077
Debt securities	318,512	336,999
Accrued interest	4,900	5,070
	<u>357,950</u>	<u>367,635</u>

GIBRALTAR BSN LIFE BERHAD
(Formerly known as Uni.Asia Life Assurance Berhad)
 (Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (CONTINUED)

7 INVESTMENTS (CONTINUED)

(b) LAR

	<u>2014</u> RM'000	<u>2013</u> RM'000
<u>Amortised cost</u>		
Fixed and call deposits	447,492	633,074
Policy loans	33,192	30,238
Secured loans	45,000	45,888
Unsecured loans	1,238	2,101
Staff loans	196	-
Accrued interest	13,526	12,033
	<u>540,644</u>	<u>723,334</u>
<u>Fair value</u>		
Fixed and call deposits	447,492	633,074
Policy loans	33,192	30,238
Secured loans	45,000	45,888
Unsecured loans	1,238	2,101
Staff loans	196	-
Accrued interest	13,526	12,033
	<u>540,644</u>	<u>723,334</u>

Fixed and call deposits of the Company have an average maturity of 38 days (2013: 101 days). The interest rate per annum of fixed deposits, that was effective as at the end of the reporting period was 3.26% per annum (2013: 3.24% per annum)

(c) AFS

	<u>2014</u> RM'000	<u>2013</u> RM'000
<u>Fair value</u>		
Unquoted in Malaysia		
Equity securities	2,154	2,140
Debt securities	647,514	708,262
Malaysian Government Securities	31,267	93,418
Malaysian government guaranteed bonds	173,065	83,999
Accrued interest	10,131	10,023
	<u>864,131</u>	<u>897,842</u>

GIBRALTAR BSN LIFE BERHAD
(Formerly known as Uni.Asia Life Assurance Berhad)
 (Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (CONTINUED)

7 INVESTMENTS (CONTINUED)

(d) FVTPL

	<u>2014</u> RM'000	<u>2013</u> RM'000
<u>Fair value</u>		
Quoted in Malaysia		
Held-for-Trading		
Equity securities	200,053	138,703
Unit trust and property trust funds	8,433	15,815
By designation		
Equity securities	80,321	42,032
Unit trust and property trust funds	512	1,770
Quoted outside Malaysia		
By designation		
Equity securities	5,630	7,185
Unit trust and property trust funds	299	-
Unquoted in Malaysia		
By designation		
Debt securities	15,485	13,358
Accrued interest	187	151
Structured investments	80,222	80,054
Unquoted outside Malaysia		
Held-for-Trading		
Unit trust and property trust funds	-	4,516
By designation		
Unit trust and property trust funds	45,584	52,764
	<u>436,726</u>	<u>356,348</u>

GIBRALTAR BSN LIFE BERHAD
(Formerly known as Uni.Asia Life Assurance Berhad)
 (Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (CONTINUED)

7 INVESTMENTS (CONTINUED)

(e) Carrying value of financial investments

	<u>HTM</u> RM'000	<u>AFS</u> RM'000	<u>FVTPL</u> RM'000	<u>Total</u> RM'000
At 1 April 2013	383,961	897,842	356,348	1,638,151
Purchases	10,022	197,872	374,582	582,476
Maturities/disposals/proceeds	(20,163)	(206,795)	(344,315)	(571,273)
Realised gains	22	7,206	22,782	30,010
Fair value losses recorded in:				
Statement of income	-	-	27,293	27,293
Other comprehensive income	-	(28,168)	-	(28,168)
Movement in impairment allowance	-	(4,083)	-	(4,083)
Accretion of discount	231	149	-	380
Movement of investment income accrued	(170)	108	36	(26)
At 31 March 2014	<u>373,903</u>	<u>864,131</u>	<u>436,726</u>	<u>1,674,760</u>
At 1 April 2012	415,172	941,339	386,835	1,743,346
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:				
Statement of income	-	-	7,279	7,279
Other comprehensive income	-	(9,019)	-	(9,019)
Movement in impairment allowance	-	(3,089)	-	(3,089)
Accretion of discount/ (amortisation of premium)	114	(396)	-	(282)
Movement of investment income accrued	(360)	(457)	(61)	(878)
At 31 March 2013	<u>383,961</u>	<u>897,842</u>	<u>356,348</u>	<u>1,638,151</u>

GIBRALTAR BSN LIFE BERHAD
(Formerly known as Uni.Asia Life Assurance Berhad)
 (Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (CONTINUED)

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.

	<u>Level 1</u> RM'000	<u>Level 2</u> RM'000	<u>Level 3</u> RM'000	<u>Total</u> RM'000
<u>31 March 2014</u>				
Assets				
Financial assets at FVTPL				
Quoted in Malaysia				
Equity securities	280,374	-	-	280,374
Unit trust and property trust funds	8,945	-	-	8,945
Quoted outside Malaysia				
Equity securities	5,630	-	-	5,630
Unit trust and property trust funds	299	-	-	299
Unquoted in Malaysia				
Debt securities	-	15,672	-	15,672
Structure investments	-	80,222	-	80,222
Unquoted outside Malaysia				
Unit trust and property trust funds	-	45,584	-	45,584
AFS				
Unquoted in Malaysia				
Equity securities	-	-	2,154	2,154
Debt securities	-	647,514	-	647,514
Malaysia Government Securities	-	31,267	-	31,267
Malaysia government guaranteed bonds	-	173,065	-	173,065
Accrued interest	-	10,131	-	10,131
Total assets	295,248	1,003,455	2,154	1,300,857
<u>31 March 2013</u>				
Assets				
Financial assets at FVTPL				
Quoted in Malaysia				
Equity securities	180,735	-	-	180,735
Unit trust and property trust funds	17,585	-	-	17,585
Quoted outside Malaysia				
Equity securities	7,185	-	-	7,185
Unquoted in Malaysia				
Debt securities	-	13,509	-	13,509
Structure investments	-	80,054	-	80,054
Unquoted outside Malaysia				
Unit trust and property trust funds	-	57,280	-	57,280
AFS				
Unquoted in Malaysia				
Equity securities	-	-	2,140	2,140
Debt securities	-	708,262	-	708,262
Malaysia Government Securities	-	93,418	-	93,418
Malaysia government guaranteed bonds	-	83,999	-	83,999
Accrued interest	-	10,023	-	10,023
Total assets	205,505	1,046,545	2,140	1,254,190

GIBRALTAR BSN LIFE BERHAD
(Formerly known as Uni.Asia Life Assurance Berhad)
 (Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (CONTINUED)

7 INVESTMENTS (CONTINUED)

(f) Estimation of fair value (continued)

Fair value hierarchy disclosure (continued)

	<u>2014</u> RM'000	<u>2013</u> RM'000
<u>Level 3</u>		
At beginning of financial year	2,140	2,139
Total gains or losses for the period recognised in statement of income, presented in insurance contract liabilities	14	1
At end of financial year	<u>2,154</u>	<u>2,140</u>

Impaired financial assets

At 31 March 2014, impaired financial assets comprised of available-for-sales ("AFS") financial assets of RM 7,171,439 (2013: RM 3,088,750). A reconciliation of the allowance for impairment losses for AFS financial assets is as follows:

	<u>2014</u> RM'000	<u>2013</u> RM'000
At 1 April	3,089	-
Charge for the financial year	4,083	3,089
At 31 March	<u>7,172</u>	<u>3,089</u>

8 REINSURANCE ASSETS

	<u>2014</u> RM'000	<u>2013</u> RM'000
Reinsurance of insurance contracts (Note 12)		
Claims liabilities	3,997	3,376
Insurance contract liabilities	2,134	4,984
	<u>6,131</u>	<u>8,360</u>

Company No.

277714

A

GIBRALTAR BSN LIFE BERHAD
(Formerly known as Uni.Asia Life Assurance Berhad)
 (Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (CONTINUED)

9 INSURANCE RECEIVABLES

	<u>2014</u> RM'000	<u>2013</u> RM'000
Outstanding premiums including agents, brokers and co-insurers balances	7,100	6,508
Amounts due from reinsurers	1,219	2,313
Allowance for impairment	(21)	(22)
	<u>8,298</u>	<u>8,799</u>
<u>Impairment movement</u>		
At 1 April	(22)	(493)
Reversal during the financial year	1	471
	<u>(21)</u>	<u>(22)</u>

The Company does not off-set its insurance receivables against insurance payables. The Company does not have any financial instruments subject to an enforceable master netting arrangement or financial collateral (pledged or received) as at 31 March 2014 (2013: RM nil).

10 OTHER RECEIVABLES

	<u>2014</u> RM'000	<u>2013</u> RM'000
Income due and accrued	345	450
Other receivables, deposits and prepayments	15,064	5,536
	<u>15,409</u>	<u>5,986</u>
Receivables after 12 months:	<u>414</u>	<u>343</u>

The Company does not off-set its other receivables against other payables. The Company does not have any financial instruments subject to an enforceable master netting arrangement or financial collateral (pledged or received) as at 31 March 2014 (2013: RM nil).

Company No.

277714

A

GIBRALTAR BSN LIFE BERHAD
(Formerly known as Uni.Asia Life Assurance Berhad)
 (Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (CONTINUED)

11 SHARE CAPITAL

	2014		2013	
	<u>Number of shares</u> '000	<u>Nominal value</u> RM'000	<u>Number of shares</u> '000	<u>Nominal value</u> RM'000
Authorised:				
Ordinary shares of RM1.00 each				
At beginning and end of financial year	<u>125,000</u>	<u>125,000</u>	<u>125,000</u>	<u>125,000</u>
Issued and paid-up:				
Ordinary shares of RM1.00 each				
At beginning and end of financial year	<u>125,000</u>	<u>125,000</u>	<u>125,000</u>	<u>125,000</u>

12 INSURANCE CONTRACT LIABILITIES

	2014			2013		
	<u>Gross</u> RM'000	<u>Reinsurance</u> RM'000	<u>Net</u> RM'000	<u>Gross</u> RM'000	<u>Reinsurance</u> RM'000	<u>Net</u> RM'000
Benefits and claims liabilities	103,587	(3,997)	99,590	75,644	(3,376)	72,268
Actuarial liabilities	1,299,382	(2,134)	1,297,248	1,470,007	(4,984)	1,465,023
Unallocated surplus	48,119	-	48,119	37,499	-	37,499
Available-for-sale fair value reserves	(963)	-	(963)	9,736	-	9,736
Asset revaluation reserves	9,275	-	9,275	7,842	-	7,842
Net asset value attributable to unit holders	<u>252,693</u>	<u>-</u>	<u>252,693</u>	<u>222,296</u>	<u>-</u>	<u>222,296</u>
	<u>1,712,093</u>	<u>(6,131)</u>	<u>1,705,962</u>	<u>1,823,024</u>	<u>(8,360)</u>	<u>1,814,664</u>

Company No.

277714	A
--------	---

GIBRALTAR BSN LIFE BERHAD*(Formerly known as Uni.Asia Life Assurance Berhad)*

(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (CONTINUED)**
12 **INSURANCE CONTRACT LIABILITIES (CONTINUED)**

	Gross			Reinsurance			Net
	With DPF	Without DPF	Total	With DPF	Without DPF	Total	
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	
At 1 April 2013	1,177,204	645,820	1,823,024	(202)	(8,158)	(8,360)	1,814,664
Change in life insurance fund contract liabilities							
Due to assumptions change							
Expenses	48	6,803	6,851	-	-	-	6,851
Mortality/morbidity	(119)	(9,165)	(9,284)	-	2,769	2,769	(6,515)
Lapse/withdrawal	219	202	421	-	-	-	421
Interest and bonus rate	(647)	(35,190)	(35,837)	-	(7)	(7)	(35,844)
Others	1,341	784	2,125	-	-	-	2,125
Projected cash flow for inforce policies							
Premium	125,515	110,635	236,150	-	(4,462)	(4,462)	231,688
Investment return	44,040	10,815	54,855	-	(61)	(61)	54,794
Benefits	(336,008)	(61,980)	(397,988)	-	4,872	4,872	(393,116)
Expenses/commission	(18,677)	(24,432)	(43,109)	-	13	13	(43,096)
Variance on inforce policies	12,399	3,912	16,311	-	(274)	(274)	16,037
New business reserves	(115)	(1,207)	(1,322)	-	-	-	(1,322)
Others	8	194	202	-	-	-	202
Benefits and claims experience variation	27,036	907	27,943	152	(773)	(621)	27,322
Net asset value attributable to unit holders	-	30,397	30,397	-	-	-	30,397
Available-for-sale fair value reserves	(11,629)	-	(11,629)	-	-	-	(11,629)
Assets revaluation reserves	1,433	-	1,433	-	-	-	1,433
Unallocated surplus	10,620	-	10,620	-	-	-	10,620
Deferred tax effects:							
Available-for-sale fair value reserves	930	-	930	-	-	-	930
At 31 March 2014	<u>1,033,598</u>	<u>678,495</u>	<u>1,712,093</u>	<u>(50)</u>	<u>(6,081)</u>	<u>(6,131)</u>	<u>1,705,962</u>

Company No.

277714 A

GIBRALTAR BSN LIFE BERHAD*(Formerly known as Uni.Asia Life Assurance Berhad)*

(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (CONTINUED)****12 INSURANCE CONTRACT LIABILITIES (CONTINUED)**

	Gross			Reinsurance			Net
	With DPF	Without DPF	Total	With DPF	Without DPF	Total	
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
At 1 April 2012	1,080,877	602,051	1,682,928	36	(11,402)	(11,366)	1,671,562
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	-	(3,975)	(3,975)	-	-	-	(3,975)
Available-for-sale fair value reserves	(6,433)	-	(6,433)	-	-	-	(6,433)
Assets revaluation reserves	305	-	305	-	-	-	305
Unallocated surplus	(2,055)	-	(2,055)	-	-	-	(2,055)
Deferred tax effects:							
Available-for-sale fair value reserves	515	-	515	-	-	-	515
At 31 March 2013	<u>1,177,204</u>	<u>645,820</u>	<u>1,823,024</u>	<u>(202)</u>	<u>(8,158)</u>	<u>(8,360)</u>	<u>1,814,664</u>

GIBRALTAR BSN LIFE BERHAD
(Formerly known as Uni.Asia Life Assurance Berhad)
 (Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (CONTINUED)

13 DEFERRED TAX LIABILITIES

	<u>2014</u> RM'000	<u>2013</u> RM'000
At 1 April	(41,471)	(45,562)
Recognised in:		
Statement of income (Note 26)	(13,979)	2,913
Other comprehensive income		
Deferred tax on AFS	5,247	1,187
Deferred tax on assets revaluation reserves	(46)	(9)
	<u> </u>	<u> </u>
At 31 March	<u>(50,249)</u>	<u>(41,471)</u>

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.

	<u>2014</u> RM'000	<u>2013</u> RM'000
Presented after appropriate offsetting as follows:		
Deferred tax assets	3,877	3,070
Deferred tax liabilities	(54,126)	(44,541)
	<u> </u>	<u> </u>
	<u>(50,249)</u>	<u>(41,471)</u>
Current	166	(3,089)
Non current	(50,415)	(38,382)
	<u> </u>	<u> </u>
	<u>(50,249)</u>	<u>(41,471)</u>

Company No.

277714	A
--------	---

GIBRALTAR BSN LIFE BERHAD

(Formerly known as Uni.Asia Life Assurance Berhad)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (CONTINUED)

13 DEFERRED TAX ASSETS (CONTINUED)

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

	Fair value of investment assets	Loan and receivable	Accelerated capital allowance on properties and equipment	Accretion of discounts on investment	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Deferred tax assets</u>					
At 1 April 2012	2,715	163	6	340	3,224
Recognised in:					
Statement of income	11	(163)	(6)	(13)	(171)
Other comprehensive income	17	-	-	-	17
At 31 March 2013	2,743	-	-	327	3,070
Recognised in:					
Statement of income	62	-	1	42	105
Other comprehensive income	702	-	-	-	702
At 31 March 2014	<u>3,507</u>	<u>-</u>	<u>1</u>	<u>369</u>	<u>3,877</u>

Company No.

277714	A
--------	---

GIBRALTAR BSN LIFE BERHAD

(Formerly known as Uni.Asia Life Assurance Berhad)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (CONTINUED)

13 DEFERRED TAX LIABILITIES (CONTINUED)

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

	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
<u>Deferred tax liabilities</u>						
At 1 April 2012	(6,786)	(598)	(273)	(707)	(40,422)	(48,786)
Recognised in:						
Statement of income	(445)	(12)	(31)	609	2,963	3,084
Other comprehensive income	1,170	(9)	-	-	-	1,161
At 31 March 2013	(6,061)	(619)	(304)	(98)	(37,459)	(44,541)
Recognised in:						
Statement of income	(1,938)	(40)	10	(158)	(11,958)	(14,084)
Other comprehensive income	4,545	(46)	-	-	-	4,499
At 31 March 2014	(3,454)	(705)	(294)	(256)	(49,417)	(54,126)

Company No.

277714

A

GIBRALTAR BSN LIFE BERHAD
(Formerly known as Uni.Asia Life Assurance Berhad)
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (CONTINUED)

14 SUBORDINATED TERM LOAN

	<u>2014</u> RM'000	<u>2013</u> RM'000
Subordinated term loan	-	53,000

On 18 February 2009, a subordinated term loan of RM53 million was obtained from 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 up to 31 December 2013, amounting to RM 2,139,894 (2013: RM 2,869,478), is reported within finance cost in the statement of income.

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

On 31 December 2013, the Company has repaid in full, the principal and interest outstanding, in accordance with the subordinated term loan agreement, to Uni.Asia Capital Sdn Bhd.

15 INSURANCE PAYABLES

	<u>2014</u> RM'000	<u>2013</u> RM'000
Amount due to insureds	100,796	116,023
Amount owing to agents and brokers co-insurers	5,491	6,310
Amount owing to reinsurers and cedants	3,020	2,738
	<u>109,307</u>	<u>125,071</u>

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

The Company does not off-set its insurance payables against insurance receivables. The Company does not have any financial instruments subject to an enforceable master netting arrangement or financial collateral (pledged or received) as at 31 March 2014 (2013: RM nil).

Company No.

277714	A
--------	---

GIBRALTAR BSN LIFE BERHAD
(Formerly known as Uni.Asia Life Assurance Berhad)
 (Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (CONTINUED)

16 OTHER PAYABLES

	<u>2014</u> RM'000	<u>2013</u> RM'000
Other payables and accruals	24,714	15,991

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

The Company does not off-set its other payables against other receivables. The Company does not have any financial instruments subject to an enforceable master netting arrangement or financial collateral (pledged or received) as at 31 March 2014 (2013: RM nil).

17 OPERATING REVENUE

	<u>2014</u> RM'000	<u>2013</u> RM'000
Gross premiums (Note 18)	296,071	275,842
Investment income (Note 19)	92,754	97,975
	<u>388,825</u>	<u>373,817</u>

18 NET PREMIUMS

	<u>2014</u> RM'000	<u>2013</u> RM'000
(a) Gross premiums: Insurance contracts	296,071	275,842
(b) Premiums ceded to reinsurers: Insurance contracts	(13,370)	(12,539)
Net premiums	<u>282,701</u>	<u>263,303</u>

GIBRALTAR BSN LIFE BERHAD
(Formerly known as Uni.Asia Life Assurance Berhad)
 (Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (CONTINUED)

19 INVESTMENT INCOME

	<u>2014</u> RM'000	<u>2013</u> RM'000
Rental income from investment properties	289	246
FVTPL financial assets - held for trading purposes:		
Interest	772	5,665
Dividend/distribution income		
- Equity securities quoted in Malaysia	8,582	8,545
- Equity securities quoted outside Malaysia	201	39
HTM financial assets:		
Interest	19,411	21,288
Accretion of discounts net of amortisation of premiums	231	114
AFS financial assets:		
Interest	37,576	39,617
Accretion of discounts net of amortisation of premiums	149	(396)
LAR:		
Interest from loan	6,953	6,585
Interest from fixed and called deposits	19,790	15,916
Amortisation of premiums net of accretion of discounts	(1,200)	356
	<u>92,754</u>	<u>97,975</u>

20 REALISED GAINS

	<u>2014</u> RM'000	<u>2013</u> RM'000
Properties and equipment	<u>1</u>	<u>(20)</u>
Financial assets at FVTPL - held for trading purposes:		
- Debt securities outside Malaysia	12	88
- Equity securities and unit trusts quoted in Malaysia	26,377	17,163
- Equity securities and unit trusts quoted outside Malaysia	(3,607)	(6,176)
HTM financial assets:		
- Debt securities unquoted in Malaysia	22	506
AFS financial assets:		
- Debt securities	7,206	6,028
	<u>30,010</u>	<u>17,609</u>
Total realised gains	<u>30,011</u>	<u>17,589</u>

Company No.

277714

A

GIBRALTAR BSN LIFE BERHAD
(Formerly known as Uni.Asia Life Assurance Berhad)
 (Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (CONTINUED)

21 FAIR VALUE GAINS/(LOSSES)

	<u>2014</u> RM'000	<u>2013</u> RM'000
Investment property (Note 4)	500	150
FVTPL investments – held for trading purposes	11,985	4,520
FVTPL investments – designated		
Quoted in Malaysia		
Equity securities	13,177	735
Unit trust and property trust funds	(88)	49
Quoted outside Malaysia		
Equity securities	(893)	1,717
Unit trust and property trust funds	(13)	-
Unquoted in Malaysia		
Equity securities	(491)	(35)
Unit trust and property trust funds	1,866	(1,015)
Unquoted outside Malaysia		
Unit trust and property trust funds	1,750	1,308
LAR – Unsecured loans	-	(22)
Impairment on AFS debt securities	(4,083)	(3,089)
	<u>23,710</u>	<u>4,318</u>

22 FEE INCOME

	<u>2014</u> RM'000	<u>2013</u> RM'000
Policyholder administration and investment management services	<u>4</u>	<u>2</u>

Company No.

277714

A

GIBRALTAR BSN LIFE BERHAD
(Formerly known as Uni.Asia Life Assurance Berhad)
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (CONTINUED)

23 NET BENEFITS AND CLAIMS

	<u>2014</u> RM'000	<u>2013</u> RM'000
(a) Gross benefits and claims:		
Insurance contracts		
- Death	21,276	20,210
- Maturity	254,587	4,982
- Surrender	59,196	62,865
- Others	65,426	58,345
	<u>400,485</u>	<u>146,402</u>
(b) Claims ceded to reinsurers:		
Insurance contracts	<u>(7,344)</u>	<u>(2,642)</u>
(c) Gross change in contract liabilities:		
Insurance contracts	<u>(129,608)</u>	<u>125,761</u>
(d) Change in contract liabilities ceded to reinsurers:		
Insurance contracts	<u>2,850</u>	<u>(15)</u>

GIBRALTAR BSN LIFE BERHAD
(Formerly known as Uni.Asia Life Assurance Berhad)
 (Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (CONTINUED)

24 MANAGEMENT EXPENSES

	<u>Note</u>	<u>2014</u> RM'000	<u>2013</u> RM'000
Employee benefits expense	24 (a)	30,750	23,986
Directors' remuneration:	24 (d)		
- current year		606	757
Auditors' remuneration:			
- current year		287	261
- prior year overprovision		(62)	(55)
Depreciation of properties and equipment		1,832	1,678
Amortisation of intangible assets		1,533	1,049
Amortisation of prepaid lease property		3	4
Training expenses		405	(24)
Printing and stationery		477	741
Postage, telephone and telefax		1,245	1,189
EDP expenses		723	1,229
Rental of office from third parties		1,754	1,498
Legal fees		2,224	402
Investment expenses		5,786	4,614
Administration and general expenses		10,712	12,358
		<u>58,275</u>	<u>49,687</u>
		<u>2014</u> RM'000	<u>2013</u> RM'000
(a) Employee benefits expense			
Wages, salaries and bonuses		25,045	19,230
Contributions to social security ("SOCSO")		154	154
Contributions to EPF		3,689	2,888
Other benefits		1,862	1,714
Total employee benefits expenses		<u>30,750</u>	<u>23,986</u>

The remuneration, including benefits-in-kind, attributable to the Chief Executive Officer of the Company during the financial year amounted to RM 1,735,961 (2013: RM 1,332,946) as disclosed in Note 24(b) to the financial statements.

GIBRALTAR BSN LIFE BERHAD
(Formerly known as Uni.Asia Life Assurance Berhad)
 (Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (CONTINUED)

24 **MANAGEMENT EXPENSES (CONTINUED)**

(b) Chief Executive Officer remuneration

The details of remuneration, attributable to the Chief Executive Officer of the Company are as follow:

	<u>2014</u> RM'000	<u>2013</u> RM'000
Salary	860	819
Bonus	633	330
Benefits-in-kind	19	12
Retirement benefit	224	172
	<u>1,736</u>	<u>1,333</u>

(c) Compensation of key management personnel

The compensation of the key management personnel excluding the Chief Executive Officer as disclosed in note 24(b) to the financial statements is as follows:

	<u>2014</u> RM'000	<u>2013</u> RM'000
Short term employee benefits	1,802	1,722
Defined contribution plan	536	460
Other employee benefits	1	1
	<u>2,339</u>	<u>2,183</u>

(d) Directors' remuneration

	<u>2014</u> RM'000	<u>2013</u> RM'000
<u>Executive Directors</u>		
Fee	99	99
Allowance	25	25
<u>Non-Executive Directors</u>		
Fee	371	479
Allowance	111	154
	<u>606</u>	<u>757</u>

Company No.

277714

A

GIBRALTAR BSN LIFE BERHAD
(Formerly known as *Uni.Asia Life Assurance Berhad*)
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (CONTINUED)

25 FINANCE COSTS

	<u>2014</u> RM'000	<u>2013</u> RM'000
Interest on subordinated term loan	2,140	2,869

26 TAXATION

	<u>2014</u> RM'000	<u>2013</u> RM'000
Tax expense – current financial year	10,719	16,523
Over provision in prior financial year	(184)	(1,288)
Deferred tax (Note 13)	13,979	(2,913)
	<u>24,514</u>	<u>12,322</u>

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 December 2013. Consequently, any future dividend payment made by the Company will be governed under the single-tier system. Pursuant to the single-tier system, any dividends distributed by the Company will be exempted from tax in the hand of shareholders. The Company shall not be entitled to deduct tax on the dividend paid, credited or distributed to shareholders.

Company No.

277714

A

GIBRALTAR BSN LIFE BERHAD
(Formerly known as Uni.Asia Life Assurance Berhad)
 (Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (CONTINUED)

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:

	<u>2014</u> RM'000	<u>2013</u> RM'000
Profit before tax	74,270	29,476
Less: Tax expense on investment income attributable to policyholders and unit holders	(7,152)	(4,540)
Profit before taxation attributable to shareholders	<u>67,118</u>	<u>24,936</u>
Taxation at Malaysian statutory tax rate of 25%	16,780	6,234
Income not subject to tax	(108)	50
Expense not deductible for tax purpose	1,363	1,922
Tax relief on actuarial surplus transferred to shareholders' fund	(2,990)	(2,059)
Single tier tax relief (Section 110B credits)	-	(108)
Effect of changes in tax rate	2,593	2,401
Current year tax on investment income attributable to policyholders and unit holders	7,060	5,170
Over provision of tax expenses in prior financial year	(184)	(1,288)
Tax expense for the financial year	<u><u>24,514</u></u>	<u><u>12,322</u></u>

GIBRALTAR BSN LIFE BERHAD
(Formerly known as Uni.Asia Life Assurance Berhad)
 (Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (CONTINUED)

26 TAXATION (CONTINUED)

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% (2013: 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

	<u>2014</u>	<u>2013</u>
Basic:		
Profit for the financial year attributable to shareholders (RM'000)	49,756	17,154
	<u>49,756</u>	<u>17,154</u>
Number of ordinary shares of RM1 each ('000)	125,000	125,000
	<u>125,000</u>	<u>125,000</u>
Basic earnings per share (sen)	39.80	13.72
	<u>39.80</u>	<u>13.72</u>

GIBRALTAR BSN LIFE BERHAD
(Formerly known as Uni.Asia Life Assurance Berhad)
 (Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (CONTINUED)

28 CASH FLOWS

	<u>2014</u> RM'000	<u>2013</u> RM'000
Profit before taxation attributable to shareholders	67,118	24,936
Income tax expenses attributable to participating fund and unit holders	7,152	4,540
Investment income	(92,754)	(97,975)
Realised gains recorded in statement of income	(30,011)	(17,589)
Fair value gains recorded in statement of income	(23,830)	(4,443)
Purchases of FVTPL financial assets	(374,582)	(315,737)
Maturity/proceeds from sale of FVTPL financial assets	344,315	364,517
Purchases of AFS financial assets	(197,872)	(98,096)
Maturity/proceeds from sale of AFS financial assets	206,795	134,660
Purchase of HTM financial assets	(10,022)	(5,021)
Maturity of HTM financial assets	20,163	36,492
Decrease/(increase) in LAR	184,183	(240,357)
Non-cash items:		
Depreciation of properties and equipment	1,832	1,678
Amortisation of intangible assets	1,533	1,349
Amortisation of prepaid lease property	3	4
Interest expense	2,140	2,869
Intangible assets written off	-	761
Reversal of allowance for doubtful debts	(1)	(471)
Changes in working capital:		
Decrease in reinsurance assets	2,229	3,006
Decrease/(increase) in insurance receivables	502	(1,083)
(Increase)/decrease in other receivables	(34,173)	19,316
(Decrease)/increase in insurance contract liabilities	(89,786)	147,401
Decrease in insurance payables	(15,764)	(15,102)
Increase/(decrease) in other payables	21,999	(12,714)
Cash used in operating activities	<u>(8,831)</u>	<u>(67,059)</u>

Company No.

277714

A

GIBRALTAR BSN LIFE BERHAD
(Formerly known as Uni.Asia Life Assurance Berhad)
 (Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (CONTINUED)

29 CAPITAL COMMITMENTS

As of 31 March 2014, capital expenditure approved by Directors but not provided for in the financial statements are as follows:

	<u>2014</u> RM'000	<u>2013</u> RM'000
Authorised and contracted but not provided for:		
Computer hardware and software	1,261	141
Properties and equipment	991	17
	<u>2,252</u>	<u>158</u>
Approved and not contracted for:		
Computer hardware and software	<u>903</u>	<u>-</u>

30 REGULATORY CAPITAL REQUIREMENTS

The capital structure of the Company as at 31 March 2014, as prescribed under the Risk-Based Capital Framework is provided below:-

	<u>2014</u> RM'000	<u>2013</u> RM'000
<u>Eligible Tier 1 Capital</u>		
Share capital (paid up)	125,000	125,000
Valuation surplus, retained earnings and other capital available	501,560	419,578
	<u>626,560</u>	<u>544,578</u>
<u>Tier 2 Capital</u>		
Eligible Tier 2 Capital	9,665	86,320
Amount deducted from Capital	(5,515)	(4,483)
	<u>4,150</u>	<u>81,837</u>
Total Capital Available	<u>630,710</u>	<u>626,415</u>

Company No.

277714	A
--------	---

GIBRALTAR BSN LIFE BERHAD
(Formerly known as Uni.Asia Life Assurance Berhad)
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (CONTINUED)

31 RELATED PARTY DISCLOSURES

(a) Related parties and relationship

The related parties of, and their relationship, with the Company are as follows:

<u>Related companies</u>	<u>Country of Incorporation</u>	<u>Relationship</u>
Prudential Financial, Inc	United States of America	Ultimate holding company
Prudential Insurance Company of America	United States of America	Penultimate holding company
Bank Simpanan Nasional ("BSN")	Malaysia	Substantial shareholder
Pramerica BSN Holdings Sdn Bhd	Malaysia	Immediate holding company
Etika Strategi Sdn Bhd*	Malaysia	Former ultimate holding company
DRB-HICOM Berhad* ("DRB")	Malaysia	Former penultimate holding company
Uni.Asia Capital Sdn Bhd* ("UAC")	Malaysia	Former immediate holding company
<u>Affiliated company</u>		
United Overseas Bank Berhad* ("UOB")	Malaysia	Substantial shareholder of the former 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.

* ceased to be related parties on 31 December 2013.

GIBRALTAR BSN LIFE BERHAD
(Formerly known as Uni.Asia Life Assurance Berhad)
 (Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (CONTINUED)

31 RELATED PARTY DISCLOSURES (CONTINUED)

(b) Related party balances

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

	Note	2014 RM'000	2013 RM'000
Included in investment:	7		
Debt securities holding with			
- DRB		-	65,594
- UOB		-	20,392
Fixed and call deposits placed with			
- DRB		-	3,298
- UOB		-	77,035
- BSN		74,904	-
Interest income receivable from			
- BSN		438	-
		<u>438</u>	<u>-</u>
Included in insurance receivables:	9		
Outstanding premium including agents/ brokers and co-insurers balances due from			
- DRB		-	586
- UOB		-	4
		<u>-</u>	<u>4</u>
Included in subordinated term loan:	14		
Subordinated term loan from			
- UAC		-	(53,000)
		<u>-</u>	<u>(53,000)</u>
Included in insurance payables:	15		
Outstanding premiums due to			
- DRB		-	(133)
Outstanding commissions due to			
- DRB		-	(26)
- UOB		-	(428)
- BSN		(40)	-
		<u>(40)</u>	<u>-</u>
Included in other payables:	16		
Outstanding interest due to			
- UAC		-	(244)
		<u>-</u>	<u>(244)</u>
Bank balances included in cash and bank balances placed with			
- UOB		-	2,819
- BSN		420	-
		<u>420</u>	<u>-</u>

GIBRALTAR BSN LIFE BERHAD
(Formerly known as Uni.Asia Life Assurance Berhad)
 (Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (CONTINUED)

31 RELATED PARTY DISCLOSURES (CONTINUED)

(c) Related party transactions

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

	<u>2014</u>	<u>2013</u>
	RM'000	RM'000
Gross premium received/receivable from:		
- DRB	5,120	2,315
- UOB	-	651
- Key management personnel	51	13
	<u>5,171</u>	<u>2,979</u>
Commission expenses paid/payable to:		
- DRB	476	147
- UOB	2,323	4,828
- BSN	118	-
	<u>2,917</u>	<u>5,075</u>
Interest income received/receivable from:		
- DRB	157	104
- UOB	2,102	3,486
- BSN	1,184	-
- Key management personnel	4	-
	<u>3,447</u>	<u>3,590</u>
Purchase of securities from/through:		
- DRB	42,032	29,794
- UOB	1,988	22,103
	<u>44,020</u>	<u>51,897</u>
Sale of securities from/through:		
- DRB	27,658	27,336
- UOB	-	5,654
	<u>27,658</u>	<u>32,990</u>
General and administrative expenses paid/payable to:		
- DRB	801	1,146
- UOB	1,288	879
	<u>2,089</u>	<u>2,025</u>
Subordinated term loan interest paid/payable to:		
- UAC	2,140	2,869
	<u>2,140</u>	<u>2,869</u>

GIBRALTAR BSN LIFE BERHAD
(Formerly known as Uni.Asia Life Assurance Berhad)
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (CONTINUED)

32 **RISK MANAGEMENT FRAMEWORK**

(a) **Overview of the Enterprise Risk Management Framework**

The Enterprise Risk Management Framework (“the Framework”) sets out the governance structure in place to support implementation of a structured Risk Management process and to embed the risk management culture across the Company. It seeks to promote principles of sound corporate governance and effective management of risk to ensure that the risk-taking activities are aligned with the Company’s objective.

The Framework ensures that all key risks are identified, adequately assessed, treated, monitored, controlled and reported to the relevant stakeholders on a timely basis. Apart from safeguarding our financial strength and providing a strong platform for sustainable growth, it enables the Company to fulfill its obligations due to policyholders, shareholders, stakeholders, and at the same time, meeting the expectation of the Regulator.

(b) **Enterprise Risk Management Principles**

Risk is defined as the possibility that an event may occur and adversely impact the achievement of the Company’s mission or business objectives. Proactive management of risk is an integral part of our business and the main objective of having the Framework in place is to ensure that all key risks are appropriately managed.

Broadly, the Framework classifies management of risks into five broad categories and these are:

1. Insurance risk
2. Asset risk (Market and credit risk)
3. Asset-Liability Management (“ALM”) risk
4. Operational risk
5. Strategic / Business risk

During the course of business, decisions taken and/or functions performed may expose the Company to one or more categories of risks. In order to strike a right balance of risks versus returns, these risks are managed to within acceptable limits, either by the Business and/or operational heads or established committees. This is possible owing to the proper Risk Governance structure being put in place within the Company. To this end, each of the committees have been set up and governed under clearly defined Terms of Reference, roles and responsibilities and level of delegated authorities, to ensure that the committees perform as intended.

GIBRALTAR BSN LIFE BERHAD
(Formerly known as Uni.Asia Life Assurance Berhad)
 (Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (CONTINUED)

32 RISK MANAGEMENT FRAMEWORK (CONTINUED)

(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.

Regulatory capital

The Company is required to comply with the RBC Framework which is the capital adequacy framework for all insurers licensed under the Financial Services Act, 2013. 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 operates at capital level above Individual Target Capital Level throughout the financial year.

(d) Governance framework

The Company's Board of Directors ("the Board") retains the overall risk management responsibilities in accordance with BNM's Minimum Standards for Prudential Management of Insurers (BNM/RH/GL/003-1) Guidelines on Prudential Framework of Corporate Governance for Insurers (BNM/RH/GL/003-2) and Guidelines on Risk Governance (BNM/RH/GL 013-5).

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 management.

GIBRALTAR BSN LIFE BERHAD
(Formerly known as Uni.Asia Life Assurance Berhad)
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (CONTINUED)

32 RISK MANAGEMENT FRAMEWORK (CONTINUED)

(d) Governance framework (continued)

Whilst the Risk Management Department spearheads the development and implementation of the Framework and Risk Management Policy of the Company, the Senior Management remains accountable and 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.

Consistent with the provisions set out in the guidelines, the Company's operational management or business lines, typically known as the first line of defense, are accountable for the day-to-day management of business activities and all types of risks associated with these activities within the established limits. The Risk Management and Compliance functions, typically known as the second line of defense, are accountable for ensuring adequate programs are in place in exercising its control and oversight responsibilities. The internal audit function, typically known as the third line of defense are accountable for providing the Board with an independent assurance that the risk management and oversight approach undertaken, system of internal controls, governance process of the Company are adequate and effective.

(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.

GIBRALTAR BSN LIFE BERHAD
(Formerly known as Uni.Asia Life Assurance Berhad)
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (CONTINUED)

32 **RISK MANAGEMENT FRAMEWORK (CONTINUED)**

(e) Insurance risks of life Insurance contracts (continued)

The mortality and morbidity risks are also managed through reinsurance programme. The bulk of the Company'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.

Company No.

277714	A
--------	---

GIBRALTAR BSN LIFE BERHAD

(Formerly known as Uni.Asia Life Assurance Berhad)

(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (CONTINUED)**

32 RISK MANAGEMENT FRAMEWORK (CONTINUED)

(e) Insurance risks of life insurance contracts (continued)

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

	Gross			Reinsurance			Net RM'000
	With DPF RM'000	Without DPF RM'000	Total RM'000	With DPF RM'000	Without DPF RM'000	Total RM'000	
<u>31 March 2014</u>							
Whole Life	167,606	11,711	179,317	-	-	-	179,317
Endowment	721,547	183,214	904,761	-	-	-	904,761
Term - Mortgage	-	207,459	207,459	-	(2,112)	(2,112)	205,347
Term - Others	-	8,048	8,048	-	(22)	(22)	8,026
Riders	(1,375)	1,172	(203)	-	-	-	(203)
Total insurance contract liabilities	<u>887,778</u>	<u>411,604</u>	<u>1,299,382</u>	<u>-</u>	<u>(2,134)</u>	<u>(2,134)</u>	<u>1,297,248</u>
<u>31 March 2013</u>							
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	<u>1,059,774</u>	<u>410,233</u>	<u>1,470,007</u>	<u>-</u>	<u>(4,984)</u>	<u>(4,984)</u>	<u>1,465,023</u>

GIBRALTAR BSN LIFE BERHAD
(Formerly known as Uni.Asia Life Assurance Berhad)
 (Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (CONTINUED)

32 RISK MANAGEMENT FRAMEWORK (CONTINUED)

(e) Insurance risks of life insurance contracts (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 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 and long-term expected expenses levels. An inflation rate of 4% per annum is assumed over time. The Company conducts an expense study annually. The Company is currently in an expense overrun position estimated on the basis of the expected cost in restructuring the portfolio of business should the portfolio be held on a run-off basis. 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 MGS yields taken from Bond Pricing Agency Malaysia, which is a 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.

GIBRALTAR BSN LIFE BERHAD
(Formerly known as Uni.Asia Life Assurance Berhad)
 (Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (CONTINUED)

32 RISK MANAGEMENT FRAMEWORK (CONTINUED)

(e) Insurance risks of life Insurance contracts (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 (e.g. 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.

	<u>Impact on change in assumptions</u> RM'000	<u>Impact on gross liabilities</u> RM'000	<u>Impact on net liabilities</u> RM'000
<u>31 March 2014</u>			
Mortality/morbidity	+ 25%	64,335	52,281
Expenses	+ 25%	33,313	33,322
Lapse and surrender rates	+ 25%	2,095	2,066
Discount rate	- 1%	126,102	126,117
<u>31 March 2013</u>			
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

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

GIBRALTAR BSN LIFE BERHAD
(Formerly known as Uni.Asia Life Assurance Berhad)
 (Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (CONTINUED)

32 RISK MANAGEMENT FRAMEWORK (CONTINUED)

(f) Financial Risk

(i) 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.

GIBRALTAR BSN LIFE BERHAD
(Formerly known as Uni.Asia Life Assurance Berhad)
 (Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (CONTINUED)

32 RISK MANAGEMENT FRAMEWORK (CONTINUED)

(f) Financial Risk (continued)

(i) Credit risk (continued)

Credit exposure (continued)

	Life and Shareholders' <u>Fund</u> RM'000	Investment- linked <u>Funds</u> RM'000	<u>Total</u> RM'000
<u>31 March 2014</u>			
HTM financial assets:			
Malaysian Government Securities	19,985	-	19,985
Malaysian government guaranteed bonds	15,025	-	15,025
Debt securities	333,993	-	333,993
Accrued interest	4,900	-	4,900
LAR:			
Loans	79,626	-	79,626
Fixed and call deposits	425,795	21,697	447,492
Accrued interest	13,485	41	13,526
AFS financial assets:			
Equity securities	2,154	-	2,154
Debt securities	647,514	-	647,514
Malaysian Government Securities	31,267	-	31,267
Malaysian government guaranteed bonds	173,065	-	173,065
Accrued interest	10,131	-	10,131
FVTPL financial assets:			
Equity securities	200,053	85,951	286,004
Structured investments	-	80,222	80,222
Debt securities	-	15,485	15,485
Unit trust and property trust funds	8,433	46,395	54,828
Accrued interest	-	187	187
Reinsurance assets	6,131	-	6,131
Insurance receivables	8,298	-	8,298
Other receivables	12,213	3,196	15,409
Cash and cash equivalents	12,387	88	12,475
	<u>2,004,455</u>	<u>253,262</u>	<u>2,257,717</u>

GIBRALTAR BSN LIFE BERHAD
(Formerly known as Uni.Asia Life Assurance Berhad)
 (Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (CONTINUED)

32 RISK MANAGEMENT FRAMEWORK (CONTINUED)

(f) Financial Risk (continued)

(i) Credit risk (continued)

Credit exposure (continued)

	Life and Shareholders' <u>Fund</u> RM'000	Investment- linked <u>Funds</u> RM'000	<u>Total</u> RM'000
<u>31 March 2013</u>			
HTM financial assets:			
Malaysian Government Securities	20,004	-	20,004
Malaysian government guaranteed bonds	5,005	-	5,005
Debt securities	353,882	-	353,882
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 assets:			
Equity securities	2,140	-	2,140
Debt securities	708,262	-	708,262
Malaysian Government Securities	93,418	-	93,418
Malaysian government guaranteed bonds	83,999	-	83,999
Accrued interest	10,023	-	10,023
FVTPL financial assets:			
Equity securities	138,703	49,217	187,920
Structured investments	-	80,054	80,054
Debt securities	-	13,358	13,358
Unit trust and property trust funds	20,331	54,534	74,865
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
	<u>2,167,970</u>	<u>224,713</u>	<u>2,392,683</u>

Company No.

277714	A
--------	---

GIBRALTAR BSN LIFE BERHAD
(Formerly known as Uni.Asia Life Assurance Berhad)
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (CONTINUED)

32 RISK MANAGEMENT FRAMEWORK (CONTINUED)

(f) Financial Risk (continued)

(i) 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.

	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 2014							
HTM financial assets							
Malaysian Government Securities	-	-	19,985	-	-	-	19,985
Malaysian government guaranteed bonds	-	-	15,025	-	-	-	15,025
Debt securities	281,633	46,715	5,645	-	-	-	333,993
Accrued interest	3,764	870	266	-	-	-	4,900
LAR							
Loans	-	-	79,626	-	-	-	79,626
Fixed and call deposits	342,424	-	83,371	-	21,697	-	447,492
Accrued interest	12,701	-	784	-	41	-	13,526
AFS financial assets							
Equity securities	-	-	-	2,154	-	-	2,154
Debt securities	641,724	-	5,790	-	-	-	647,514
Malaysian Government Securities	-	-	31,267	-	-	-	31,267
Malaysian government guaranteed bonds	30,186	-	142,879	-	-	-	173,065
Accrued interest	8,142	-	1,989	-	-	-	10,131
FVTPL financial assets							
Equity securities	-	-	-	200,053	85,951	-	286,004
Structured investments	-	-	-	-	80,222	-	80,222
Debt securities	-	-	-	-	15,485	-	15,485
Unit trust and property trust funds	-	-	-	8,433	46,395	-	54,828
Accrued interest	-	-	-	-	187	-	187
Reinsurance assets	6,131	-	-	-	-	-	6,131
Insurance receivables	-	-	8,298	-	-	-	8,298
Other receivables	722	-	11,491	-	3,196	-	15,409
Cash and cash equivalents	12,348	-	39	-	88	-	12,475
	<u>1,339,775</u>	<u>47,585</u>	<u>406,455</u>	<u>210,640</u>	<u>253,262</u>	<u>-</u>	<u>2,257,717</u>

Company No.

277714	A
--------	---

GIBRALTAR BSN LIFE BERHAD

(Formerly known as Uni.Asia Life Assurance Berhad)
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (CONTINUED)

32 RISK MANAGEMENT FRAMEWORK (CONTINUED)

(f) Financial Risk (continued)

(i) Credit risk (continued)

Credit exposure by credit rating (continued)

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.

	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
<u>31 March 2013</u>							
HTM financial assets							
Malaysian Government Securities	-	-	20,004	-	-	-	20,004
Malaysian government guaranteed bonds	5,005	-	-	-	-	-	5,005
Debt securities	301,238	46,866	5,778	-	-	-	353,882
Accrued interest	4,041	861	168	-	-	-	5,070
LAR							
Loans	-	-	78,227	-	-	-	78,227
Fixed and call deposits	476,905	-	130,658	-	25,511	-	633,074
Accrued interest	2,173	-	9,817	-	43	-	12,033
AFS financial assets							
Equity securities	-	-	-	2,140	-	-	2,140
Debt securities	701,361	6,901	-	-	-	-	708,262
Malaysian Government Securities	-	-	93,418	-	-	-	93,418
Malaysian government guaranteed bonds	61,171	-	22,828	-	-	-	83,999
Accrued interest	9,195	52	776	-	-	-	10,023
FVTPL financial assets							
Equity securities	-	-	-	138,703	49,217	-	187,920
Structured investments	-	-	-	-	80,054	-	80,054
Debt securities	-	-	-	-	13,358	-	13,358
Unit trust and property trust funds	-	-	-	20,331	54,534	-	74,865
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
	<u>1,577,394</u>	<u>54,680</u>	<u>374,722</u>	<u>161,174</u>	<u>224,713</u>	<u>-</u>	<u>2,392,683</u>

All financial assets of the Company as at 31 March 2014 are neither past due nor impaired.

GIBRALTAR BSN LIFE BERHAD
(Formerly known as Uni.Asia Life Assurance Berhad)
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (CONTINUED)

32 RISK MANAGEMENT FRAMEWORK (CONTINUED)

(f) Financial Risk (continued)

(i) 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.

(ii) Liquidity 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 equivalents 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 minimised 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").

Company No.

277714	A
--------	---

GIBRALTAR BSN LIFE BERHAD
(Formerly known as Uni.Asia Life Assurance Berhad)
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (CONTINUED)

32 RISK MANAGEMENT FRAMEWORK (CONTINUED)

(f) Financial Risk (continued)

(ii) Liquidity risk (continued)

Maturity Analysis

Below is the summary table for 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 "Current" column. Repayments which are subject to notice are treated as if notice were to be given immediately.

<u>31 March 2014</u>	<u>Carrying value</u> RM'000	<u>Current</u> RM'000	<u>1 – 5</u> <u>years</u> RM'000	<u>5 – 15</u> <u>years</u> RM'000	<u>Over 15</u> <u>years</u> RM'000	<u>No maturity</u> <u>date</u> RM'000	<u>Total</u> RM'000
Financial instruments:							
HTM	369,003	37,581	99,837	362,099	21,310	100	520,927
LAR	527,118	440,336	51,900	-	43,634	-	535,870
AFS	854,000	107,989	445,920	515,766	101,299	2,154	1,173,128
FVTPL	436,539	2,861	8,271	6,461	3,427	426,351	447,371
Accrued interest:							
HTM	4,900	4,900	-	-	-	-	4,900
LAR	13,526	13,526	-	-	-	-	13,526
AFS	10,131	10,131	-	-	-	-	10,131
FVTPL	187	187	-	-	-	-	187
Reinsurance assets	6,131	3,941	56	4,098	2,194	-	10,289
Insurance receivables	8,298	8,298	-	-	-	-	8,298
Other receivables	25,143	24,729	240	-	174	-	25,143
Cash and cash equivalents	12,475	12,475	-	-	-	-	12,475
Total assets	2,267,451	666,954	606,224	888,424	172,038	428,605	2,762,245

Company No.

277714	A
--------	---

GIBRALTAR BSN LIFE BERHAD
(Formerly known as Uni.Asia Life Assurance Berhad)
 (Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (CONTINUED)

32 RISK MANAGEMENT FRAMEWORK (CONTINUED)

(f) Financial Risk (continued)

(ii) Liquidity risk (continued)

Maturity analysis (continued)

<u>31 March 2014</u>	Carrying <u>value</u> RM'000	<u>Current</u> RM'000	1 – 5 <u>years</u> RM'000	5 – 15 <u>years</u> RM'000	Over 15 <u>years</u> RM'000	No maturity <u>date</u> RM'000	<u>Total</u> RM'000
Insurance contract liabilities	1,712,093	584,136	141,300	1,080,728	804,372	-	2,610,536
Insurance payables	109,307	10,833	3,809	77,310	17,355	-	109,307
Subordinated term loan	-	-	-	-	-	-	-
Other payables	24,714	24,619	93	-	2	-	24,714
Total liabilities	<u>1,846,114</u>	<u>619,588</u>	<u>145,202</u>	<u>1,158,038</u>	<u>821,729</u>	<u>-</u>	<u>2,744,557</u>

Company No.

277714	A
--------	---

GIBRALTAR BSN LIFE BERHAD
(Formerly known as Uni.Asia Life Assurance Berhad)
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (CONTINUED)

32 RISK MANAGEMENT FRAMEWORK (CONTINUED)

(f) Financial Risk (continued)

(ii) Liquidity risk (continued)

Maturity analysis (continued)

<u>31 March 2013</u>	<u>Carrying value</u> RM'000	<u>Current</u> RM'000	<u>1 – 5</u> <u>years</u> RM'000	<u>5 – 15</u> <u>years</u> RM'000	<u>Over 15</u> <u>years</u> RM'000	<u>No maturity</u> <u>date</u> RM'000	<u>Total</u> 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	356,197	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	2,394,448	776,827	697,982	851,190	158,003	350,256	2,834,258
Insurance contract liabilities	1,823,024	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	2,017,086	577,558	274,452	1,220,050	854,710	-	2,926,770

GIBRALTAR BSN LIFE BERHAD
(Formerly known as Uni.Asia Life Assurance Berhad)
 (Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (CONTINUED)

32 RISK MANAGEMENT FRAMEWORK (CONTINUED)

(f) Financial Risk (continued)

(iii) 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:

- (a) Interest rate risk;
- (b) Equity price risk; and
- (c) 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.

(a) 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.

GIBRALTAR BSN LIFE BERHAD
(Formerly known as Uni.Asia Life Assurance Berhad)
 (Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (CONTINUED)

32 RISK MANAGEMENT FRAMEWORK (CONTINUED)

(f) Financial Risk (continued)

(iii) Market risk (continued)

(a) Interest rate risk (continued)

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.

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:

<u>Change in variables</u>	Impact on equity <u>before tax*</u> RM'000	Impact on policyholders' fund RM'000
<u>31 March 2014</u>		
+50 basis points	(2,239)	(20,549)
-50 basis points	2,166	21,203
<u>31 March 2013</u>		
+50 basis points	(3,089)	(21,037)
-50 basis points	3,042	19,060

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.

GIBRALTAR BSN LIFE BERHAD
(Formerly known as Uni.Asia Life Assurance Berhad)
 (Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (CONTINUED)

32 RISK MANAGEMENT FRAMEWORK (CONTINUED)

(f) Financial Risk (continued)

(iii) Market risk (continued)

(b) 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 some 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.

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:

	<u>Change in variables</u>	<u>Impact on equity</u> RM'000	<u>Impact on policyholders' fund and liabilities</u> RM'000
<u>31 March 2014</u>			
Bursa Malaysia	30%	3,049	61,082
Bursa Malaysia	-30%	(3,049)	(61,082)
<u>31 March 2013</u>			
Bursa Malaysia	30%	2,678	46,585
Bursa Malaysia	-30%	(2,678)	(46,585)

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.

GIBRALTAR BSN LIFE BERHAD
(Formerly known as Uni.Asia Life Assurance Berhad)
 (Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (CONTINUED)

32 RISK MANAGEMENT FRAMEWORK (CONTINUED)

(f) Financial Risk (continued)

(iii) Market risk (continued)

(c) 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 Financial Services Act, 2013, 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	Hong Kong Dollar RM'000	Indonesia Rupiah RM'000	Philippine Peso RM'000	Thai Baht RM'000	Total RM'000
<u>At 31 March 2014</u>						
Financial instruments:						
FVTPL	46,808	2,707	926	447	625	51,513
Total FVTPL – outside Malaysia	<u>46,808</u>	<u>2,707</u>	<u>926</u>	<u>447</u>	<u>625</u>	<u>51,513</u>
<u>At 31 March 2013</u>						
Financial instruments:						
FVTPL	58,072	1,373	2,671	1,038	1,312	64,466
Total FVTPL – outside Malaysia	<u>58,072</u>	<u>1,373</u>	<u>2,671</u>	<u>1,038</u>	<u>1,312</u>	<u>64,466</u>

GIBRALTAR BSN LIFE BERHAD
(Formerly known as Uni.Asia Life Assurance Berhad)
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (CONTINUED)

32 RISK MANAGEMENT FRAMEWORK (CONTINUED)

(g) Operational Risk

Operational risk may be defined as the risk of loss arising from system failure, inadequate or failed internal processes, human factors, from internal and/or external events. When the controls measures in place are inadequate or poorly implemented, it may expose the Company to Operational Risks. These Operational Risks, if materialised, may lead to both financial and/or non financial losses.

In mitigating this, the Company ensures the controls implemented when discharging.

Business and operational activities continue to be relevant and effective. The manner in which operational risk is managed can be best demonstrated through implementation of proper governance structure, supported by over-arching framework of policies, procedures and standards. Some of the controls being implemented include clear reporting lines, proper segregation of duties and responsibilities, adequate check and balance, properly defined role-based access controls, authorisation and reconciliation procedures, staff training and evaluation procedures to name a few.

In order to gauge the effectiveness of the controls being put in place, all business and/or Operational Head perform thorough risk identification and assessment of risk through the use of the Company's dedicated Enterprise Risk Management Reporting System, at least once, on a quarterly basis. In order to mitigate crystallisation of identified risks (moderate and above), the Business and/or Operational Heads will assess and implement mitigation action plans to manage the risk to within acceptable limits.

The Risk Management and compliance function continues to play proactive role in ensuring that proper programs are in place to instill the right control culture within the Company and at the same time, works with the Business and/or Operational Heads to assess the appropriateness of controls and remedial action plans being implemented in mitigating the risks, consistent with its control and oversight responsibilities.

The Internal Audit function will perform its independent assurance work to ensure that the risk management and oversight approach undertaken, systems of internal controls, governance process of the Company are adequate, relevant and effective in managing the risks.

(h) 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.

Company No.

277714 A

GIBRALTAR BSN LIFE BERHAD*(Formerly known as Uni.Asia Life Assurance Berhad)**(Incorporated in Malaysia)***NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (CONTINUED)****33 INSURANCE FUNDS**

The Company's activities are organised by funds and segregated into the life and shareholders' fund in accordance with Financial Services Act, 2013.

Statement of Financial Position by Funds

	Shareholders' Fund		Life Fund		Investment-linked Funds		Elimination		Total	
	31.03.2014 RM'000	31.03.2013 RM'000	31.03.2014 RM'000	31.03.2013 RM'000	31.03.2014 RM'000	31.03.2013 RM'000	31.03.2014 RM'000	31.03.2013 RM'000	31.03.2014 RM'000	31.03.2013 RM'000
Assets										
Properties and equipment	-	-	23,488	21,473	-	-	-	-	23,488	21,473
Investment property	-	-	5,500	5,000	-	-	-	-	5,500	5,000
Intangible assets	-	-	3,391	3,381	-	-	-	-	3,391	3,381
Prepaid lease property	-	-	243	246	-	-	-	-	243	246
Investments	197,885	225,324	1,772,837	1,918,469	249,978	222,868	(5,296)	(5,176)	2,215,404	2,361,485
Reinsurance assets	-	-	6,131	8,360	-	-	-	-	6,131	8,360
Insurance receivables	-	-	8,298	8,799	-	-	-	-	8,298	8,799
Other receivables	249,266	235,708	11,521	4,057	7,017	2,402	(252,395)	(236,181)	15,409	5,986
Tax recoverable	7,056	9	1,920	918	758	838	-	-	9,734	1,765
Cash and cash equivalents	297	184	12,090	7,785	88	84	-	-	12,475	8,053
Total Assets	454,504	461,225	1,845,419	1,978,488	257,841	226,192	(257,691)	(241,357)	2,300,073	2,424,548
Share capital	125,000	125,000	-	-	-	-	-	-	125,000	125,000
Retained earnings	277,654	227,898	-	-	-	-	-	-	277,654	227,898
AFS fair value reserves	(1,203)	11,019	-	-	-	-	-	-	(1,203)	11,019
Asset revaluation reserves	2,259	2,074	-	-	-	-	-	-	2,259	2,074
Total Equity	403,710	365,991	-	-	-	-	-	-	403,710	365,991
Insurance contract liabilities	-	-	1,459,400	1,600,728	257,989	227,472	(5,296)	(5,176)	1,712,093	1,823,024
Deferred tax liabilities	49,576	40,868	1,424	2,551	(751)	(1,948)	-	-	50,249	41,471
Subordinate term loan	-	53,000	-	-	-	-	-	-	-	53,000
Insurance payables	-	-	109,307	125,071	-	-	-	-	109,307	125,071
Current tax payable	-	-	-	-	-	-	-	-	-	-
Other payables	1,218	1,366	275,288	250,138	603	668	(252,395)	(236,181)	24,714	15,991
Total Liabilities	50,794	95,234	1,845,419	1,978,488	257,841	226,192	(257,691)	(241,357)	1,896,363	2,058,557
Total policyholders' fund and liabilities	454,504	461,225	1,845,419	1,978,488	257,841	226,192	(257,691)	(241,357)	2,300,073	2,424,548

Company No.

277714	A
--------	---

GIBRALTAR BSN LIFE BERHAD
(Formerly known as Uni.Asia Life Assurance Berhad)
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (CONTINUED)

33 **INSURANCE FUNDS (CONTINUED)**

Statement of Income by Funds
For the financial year ended

	Shareholders' Fund		Life Fund		Investment-linked Funds		Elimination		Total	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Operating revenue	9,513	9,057	343,512	337,643	35,800	27,117	-	-	388,825	373,817
Gross premium	-	-	263,770	256,925	32,301	18,917	-	-	296,071	275,842
Premium ceded to reinsurers	-	-	(13,370)	(12,539)	-	-	-	-	(13,370)	(12,539)
Net premiums	-	-	250,400	244,386	32,301	18,917	-	-	282,701	263,303
Investment income	9,513	9,057	79,742	80,718	3,499	8,200	-	-	92,754	97,975
Realised gains and losses	138	205	25,424	19,772	4,449	(2,388)	-	-	30,011	17,589
Fair value gains and losses	223	495	8,299	1,189	15,308	2,759	(120)	(125)	23,710	4,318
Fee income	-	-	4	2	-	-	-	-	4	2
Other operating income	-	-	1,493	1,324	357	512	-	-	1,850	1,836
Other income	9,874	9,757	114,962	103,005	23,613	9,083	(120)	(125)	148,329	121,720
Gross benefits and claims	-	-	(379,827)	(117,542)	(20,658)	(28,860)	-	-	(400,485)	(146,402)
Claims ceded to reinsurers	-	-	7,344	2,642	-	-	-	-	7,344	2,642
Gross change in contract liabilities	-	-	160,005	(129,736)	(30,517)	3,850	120	125	129,608	(125,761)
Change in contract liabilities to reinsurers	-	-	(2,850)	15	-	-	-	-	(2,850)	15
Net insurance benefits and claims	-	-	(215,328)	(244,621)	(51,175)	(25,010)	120	125	(266,383)	(269,506)

Company No.

277714	A
--------	---

GIBRALTAR BSN LIFE BERHAD
(Formerly known as Uni.Asia Life Assurance Berhad)
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (CONTINUED)

33 **INSURANCE FUNDS (CONTINUED)**

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

	Shareholders' Fund		Life Fund		Investment-linked Funds		Elimination		Total	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Fee and commission expenses	(1,812)	(2,986)	(28,150)	(30,499)	-	-	-	-	(29,962)	(33,485)
Management expenses	(1,546)	(1,888)	(53,926)	(45,284)	(2,803)	(2,515)	-	-	(58,275)	(49,687)
Other expenses	(3,358)	(4,874)	(82,076)	(75,783)	(2,803)	(2,515)	-	-	(88,237)	(83,172)
Profit from operations	6,516	4,883	67,958	26,987	1,936	475	-	-	76,410	32,345
Finance costs	(2,140)	(2,869)	-	-	-	-	-	-	(2,140)	(2,869)
Profit/surplus before taxation	4,376	2,014	67,958	26,987	1,936	475	-	-	74,270	29,476
Income tax expense attributable to policyholders and unit holders	-	-	(5,216)	(4,065)	(1,936)	(475)	-	-	(7,152)	(4,540)
Profit before tax attributable to shareholders	4,376	2,014	62,742	22,922	-	-	-	-	67,118	24,936
Transfer from revenue accounts	59,791	20,185	(59,791)	(20,185)	-	-	-	-	-	-
Profit before taxation	64,167	22,199	2,951	2,737	-	-	-	-	67,118	24,936
Tax expense	(14,411)	(5,045)	(8,167)	(6,802)	(1,936)	(475)	-	-	(24,514)	(12,322)
Tax expense attributable to policyholders and unit holders	-	-	5,216	4,065	1,936	475	-	-	7,152	4,540
Tax expense attributable to shareholders	(14,411)	(5,045)	(2,951)	(2,737)	-	-	-	-	(17,362)	(7,782)
Profit for the financial year	49,756	17,154	-	-	-	-	-	-	49,756	17,154