

UNI.ASIA LIFE ASSURANCE BERHAD  
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005

Company No.

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

UNI.ASIA LIFE ASSURANCE BERHAD  
(Incorporated in Malaysia)

REPORT AND FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005

CONTENT	PAGE
Directors' report	1 - 10
Statement by Directors	11
Statutory declaration	11
Report of the auditors	12
Balance sheet	13
Life fund balance sheet	14
Income statement	15
Life insurance revenue account	16
Statement of changes in equity	17
Cash flow statement	18 - 19
Notes to the financial statements	20 - 50

Company No.

277714

A

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 2005.

PRINCIPAL ACTIVITY

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

FINANCIAL RESULTS

	RM'000
Net loss for the financial year	<u>(11,305)</u>

DIVIDENDS

No dividend has been paid or declared by the Company since 31 March 2004. The Directors do not recommend any dividend for the financial year ended 31 March 2005.

SHARE CAPITAL

During the financial year, the Company:

- (a) increased its authorised share capital from RM100 million to RM125 million through creation of RM25 million ordinary shares of RM1.00 each; and
- (b) issued RM25 million new ordinary shares of RM1.00 each for cash.

The new ordinary shares issued during the financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the period are shown in the financial statements.

PROVISION FOR OUTSTANDING CLAIMS

Before the income statement and balance sheet of the Company were made up, the Directors took reasonable steps to ascertain that there were adequate provisions for incurred claims.

Company No.

277714
--------

A
---

UNI.ASIA LIFE ASSURANCE BERHAD  
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

BAD AND DOUBTFUL DEBTS

Before the income statement and balance sheet of the Company were made up, 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 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 of the Company 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 Company inadequate to any substantial extent.

CURRENT ASSETS

Before the income statement and the balance sheet 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 so 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 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 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 year which, in the opinion of the Directors, will or may substantially affect the ability of the Company which 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.

Company No.

277714

A

UNI.ASIA LIFE ASSURANCE BERHAD  
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

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

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

CORPORATE GOVERNANCE

(a) Importance and commitment

The Company, with the leadership of the Board of Directors ("the Board"), is adopting the necessary measures to ensure that the corporate and management practices are consistent with the regulatory requirements and best practice standards ordained under JPI/GPI 25: Prudential Framework of Corporate Governance for Insurers ("the Framework") issued on 10 May 2000 by Bank Negara Malaysia ("BNM"). JPI 13/2004 issued on 19 May 2004 supplemented the framework with additional guidelines and measures to be adopted by insurers. The Company's policy is to achieve best practices in their business standards for all activities throughout the Company and good corporate governance, which the Board fully recognises to be one of its principal responsibilities.

(b) Key issues and aspects

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

- i. An effective and balanced board appointed through a predetermined appointment procedure;
- ii. Executive remuneration set by the Remuneration Committee that attract and retain the people needed to run the Company;
- iii. A sound system of internal controls that safeguard the Company's assets and investments, and identify and manage business risks.

Company No.

277714

A

UNI.ASIA LIFE ASSURANCE BERHAD  
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

CORPORATE GOVERNANCE (CONTINUED)

(b) Key issues and aspects (Continued)

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

- i. The Board has a mix of independent and non-independent Directors. The Board comprises 8 non-executive Directors with vast experience of which 2 are independent non executive Directors of the calibre necessary to carry sufficient weight in Board's decisions. The role of independent non-executive Directors is important in ensuring that the strategies proposed by management are fully discussed and examined, and takes into account the long-term interest of various stakeholders. The Board appoints new Directors on the recommendation of the Nominating Committee.
- ii. Executive remuneration is set by the Remuneration Committee. The Company's executive remuneration policy is to reward employees competitively, taking into account individual performance, company performance, market comparisons and the competitiveness in the local insurance industry. Remuneration packages are reviewed annually and comprise a mix of basic salary and performance-linked elements.
- 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 manage, rather than eliminate, the risk of failure to achieve 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 CEO to the Board;
  - regular assessments of internal controls by the Company's internal audit department; and
  - review of the effectiveness of the internal control processes by the Audit Committee, on behalf of the Board.

(c) Board responsibilities

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

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

Company No.

277714

A

UNI.ASIA LIFE ASSURANCE BERHAD  
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

CORPORATE GOVERNANCE (CONTINUED)

(d) Supply of information

All the Directors are provided with the agenda at the meeting and the Board reports with sufficient time prior to a Board meeting. 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 offices during the period since the date of the last report are as follows:

<u>Board Members</u>	<u>Category of Directorship</u>
Dato' Maznah bte Abdul Jalil (Chairman)	Non-Independent director
Lee Chin Yong (Deputy Chairman)	Non-Independent director
Dato' Mohammed Adnan bin Datuk Shuaib	Non-Independent director
Kwok Chong See	Non-Independent director
Hashim bin Harun	Non-Independent director
Roza Shahnaz binti Omar	Non-Independent director
Yeong Chee Wah	Independent director
Chan Kok Seong	Alternate to Lee Chin Yong
Lee Siang Chin (appointed w.e.f 15.3.2005)	Independent director
Kim Kok Kwang (resigned w.e.f 15.3.2005)	Independent director

The Board meetings and attendance for the financial year ended 31 March 2005 are as follows:

<u>Directors</u>	<u>Number of Board meeting</u>	
	<i>Held</i>	<i>Attended</i>
Dato' Maznah bte Abdul Jalil	6	6
Lee Chin Yong	6	5
Dato' Mohammed Adnan bin Datuk Shuaib	6	5
Kwok Chong See	6	6
Hashim bin Harun	6	6
Roza Shahnaz binti Omar	6	6
Yeong Chee Wah	6	6
Kim Kok Kwang (resigned w.e.f. 15.3.2005)	5	4
Lee Siang Chin (appointed w.e.f.15.3.2005)	1	1

(e) Appointment/reappointment of Directors

The appointments/reappointments of the Directors are based on the Company's Articles of Association. All the Directors who are appointed by the Board are subject to re-election every three years.

Company No.

277714

A

UNI.ASIA LIFE ASSURANCE BERHAD  
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

CORPORATE GOVERNANCE (CONTINUED)

(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 MASB approved accounting standards 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 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 have adequate resources to continue in operational existence for the foreseeable future.

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

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

(h) Financial reporting

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

Company No.

277714

A

UNI.ASIA LIFE ASSURANCE BERHAD  
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

CORPORATE GOVERNANCE (CONTINUED)

(i) Board committees

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

(j) Audit Committee

The Audit Committee is chaired by Mr Yeong Chee Wah and comprises two other Directors, namely Mr Lee Siang Chin (replacing Mr Kim Kok Kwang) and Puan Roza Shahnaz binti Omar.

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 five Directors and is chaired by Mr Lee Siang Chin (replacing Mr Kim Kok Kwang). The other members are Dato' Maznah bte Abdul Jalil, Mr Lee Chin Yong, Puan Roza Shahnaz binti Omar and Mr Kwok Chong See.

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

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

Remuneration of the Directors and the CEO

The aggregate remuneration of the Directors and the remuneration of the CEO has been disclosed in Note 15 to the financial statements, meeting the minimum requirement of JPI: 32/2003.

Company No.

277714

A

UNI.ASIA LIFE ASSURANCE BERHAD  
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

CORPORATE GOVERNANCE (CONTINUED)

l) Nomination Committee

The Nomination Committee established in July 2003, is chaired by Mr Lee Siang Chin (replacing Mr Kim Kok Kwang) and consist of Dato' Maznah bte Abdul Jalil, Mr Lee Chin Yong, Puan Roza Shahnaz binti Omar and Mr Kwok Chong See. The Nominating 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, formed in July 2003 is chaired by Mr Yeong Chee Wah, and consist Mr Lee Chin Yong, Dato' Mohammed Adnan bin Datuk Shuaib and Puan Roza Shahnaz binti Omar. The roles of the Risk Management Committee are:

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

n) Executive Committee

The Executive Committee, formed in March of 2003, is chaired by Dato' Maznah bte Abdul Jalil and consist of Mr Lee Chin Yong, Mr Kwok Chong See and the CEO, Mr Ooi Say Teng. It reviews matters relevant to the operations of the Company and is empowered by the Board with relevant authority for effective and efficient decision making.

o) Investment Committee

The Committee is chaired by Dato' Maznah bte Abdul Jalil and consist of Mr Lee Chin Yong, Mr Lee Siang Chin (replacing Mr Kim Kok Kwang), Mr Ooi Say Teng and Mr Lai You Kim, the Company's Chief Actuary Officer and Appointed Actuary. 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. Its meeting is also scheduled to coincide with the Board meeting. The Committee shall report to the Board the results, observations and recommendation for their deliberation and formalisation pertaining to the investment activities of the Company.

Company No.

277714

A

UNI.ASIA LIFE ASSURANCE BERHAD  
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

DIRECTOR'S INTEREST IN SHARES

According to the register of Directors' shareholdings, particulars of interests of Directors who held office at the end of the financial year in shares and options over shares in DRB-HICOM Berhad, the ultimate holding company, are as follows:

	<u>Number of ordinary shares of RM1.00 each</u>			
	<u>As at 1.4.2004</u>	<u>Acquired</u>	<u>Disposed</u>	<u>As at 31.3.2005</u>
Direct interest:				
Dato' Maznah bte Abdul Jalil	554,000	-	54,000	500,000
Roza Shahnaz binti Omar	33,000	-	9,000	24,000
Chan Kok Seong	-	5,000	-	5,000

	<u>Number of options over ordinary shares of RM1.00 each</u>			
	<u>As at 1.4.2004</u>	<u>Granted</u>	<u>Exercised</u>	<u>As at 31.3.2005</u>
Direct interest:				
Dato' Maznah bte Abdul Jalil	104,000	-	-	104,000
Roza Shahnaz binti Omar	33,000	-	-	33,000

Other than as disclosed above, none of the other Directors in the office at the end of the financial year had any interest in shares or debentures of the Company and its related companies 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 other than the options over shares granted by DRB-HICOM Berhad, the ultimate holding company, to the Directors of the Company pursuant to the ultimate holding company's Employees' Share Option Scheme.

Since the end of the previous financial period, no Director of the Company has received or become entitled to receive any benefit (other than Director's fees as shown in the financial statements) by reason of a contract made by the Company or a related company 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.

Company No.

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

UNI.ASIA LIFE ASSURANCE BERHAD  
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

ULTIMATE HOLDING COMPANY

The Directors regard DRB-HICOM Berhad, a company incorporated in Malaysia, as the ultimate holding company.

AUDITORS

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

Signed on behalf of the Board in accordance with their resolution dated 1 June 2005.

DATO' MAZNAH BTE ABDUL JALIL  
CHAIRMAN

LEE CHIN YONG  
DIRECTOR

Shah Alam, Selangor

Company No.

277714
--------

A
---

UNI.ASIA LIFE ASSURANCE BERHAD  
(Incorporated in Malaysia)

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

We, Dato' Maznah binti Abdul Jalil and Lee Chin Yong, two of the Directors, state that, in the opinion of the Directors, the financial statements set out on pages 13 to 50 are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 March 2005 and of the results and cash flows of the Company for the financial year ended on that date in accordance with the MASB approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

Signed on behalf of the Board of Directors in accordance with their resolution dated 1 June 2005.

DATO' MAZNAH BTE ABDUL JALIL  
CHAIRMAN

LEE CHIN YONG  
DIRECTOR

Shah Alam, Selangor

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

I, Ho Teck Seng, the officer primarily responsible for the financial management of Uni.Asia Life Assurance Berhad, do solemnly and sincerely declare that the financial statements set out on pages 13 to 50 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.

Ho Teck Seng

Subscribed and solemnly declared by the abovenamed Ho Teck Seng at Shah Alam, Selangor in Malaysia on 1 June 2005, before me.

COMMISSIONER FOR OATHS

REPORT OF THE AUDITORS TO THE MEMBER OF  
UNI.ASIA LIFE ASSURANCE BERHAD  
(Company No. 277714 A)

We have audited the financial statements set out on pages 13 to 50. These financial statements are the responsibility of the Company's Directors. It is our responsibility to form an independent opinion, based on our audit, on these financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with approved auditing standards in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements have been prepared in accordance with the provisions of the Companies Act, 1965 and the MASB approved accounting standards in Malaysia so as to give a true and fair view of:
    - (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
    - (ii) the state of affairs of the Company as at 31 March 2005 and of the results and cash flow of the Company for the financial year ended on that date;
- and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

PRICEWATERHOUSECOOPERS  
(No. AF-1146)  
Chartered Accountants

JAYARAJAN A/L RATHINASAMY  
(No. 2059/06/06 (J))  
Partner of the firm

Kuala Lumpur  
1 June 2005

Company No.

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

UNI.ASIA LIFE ASSURANCE BERHAD  
(Incorporated in Malaysia)

BALANCE SHEET  
AS AT 31 MARCH 2005

	<u>Note</u>	<u>2005</u> RM'000	<u>2004</u> RM'000
<b>ASSETS</b>			
Shareholder's fund assets			
Property, plant and equipment	3	1,470	1,283
Investments	4	37,997	75,962
Deferred tax assets	10	6,577	5,562
Receivables	6	50,286	845
Cash and cash equivalents	7	588	668
		<hr/>	<hr/>
Total shareholder's fund assets		96,918	84,320
Total life fund assets (page 14)		704,871	398,729
		<hr/>	<hr/>
Total assets		<u>801,789</u>	<u>483,049</u>
<b>LIABILITIES</b>			
Shareholder's fund liabilities			
Payables	9	268	1,539
Taxation		474	506
		<hr/>	<hr/>
Total shareholder's fund liabilities		742	2,045
Total life fund liabilities (page 14)		122,015	27,591
Total life policyholders' fund	12	582,856	371,138
		<hr/>	<hr/>
		705,613	400,774
<b>SHAREHOLDER'S EQUITY</b>			
Share capital	13	125,000	100,000
Accumulated losses		(29,030)	(17,725)
Revaluation reserve		206	-
		<hr/>	<hr/>
		96,176	82,275
		<hr/>	<hr/>
TOTAL LIABILITIES AND SHAREHOLDER'S FUND		<u>801,789</u>	<u>483,049</u>

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

Company No.

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

UNI.ASIA LIFE ASSURANCE BERHAD  
(Incorporated in Malaysia)

LIFE FUND BALANCE SHEET  
AS AT 31 MARCH 2005

	<u>Note</u>	<u>2005</u> RM'000	<u>2004</u> RM'000
<b>ASSETS</b>			
Property, plant and equipment	3	2,896	2,816
Investments	4	658,499	362,864
Loans	5	14,007	13,622
Tax recoverable		357	-
Receivables	6	12,198	7,905
Cash and bank balances	7	16,914	11,522
Total life fund assets		<u>704,871</u>	<u>398,729</u>
<b>LIABILITIES</b>			
Provision for outstanding claims	8	5,231	4,060
Payables	9	115,856	21,770
Taxation		-	833
Deferred taxation	10	928	928
Total life fund liabilities		<u>122,015</u>	<u>27,591</u>
<b>LIFE POLICYHOLDERS' FUND</b>			
Life insurance revenue account		574,104	362,386
Revaluation reserve	11	8,752	8,752
Total life policyholders' fund	12	<u>582,856</u>	<u>371,138</u>
Total life fund liabilities and life policyholders' fund		<u>704,871</u>	<u>398,729</u>

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

Company No.

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

UNI.ASIA LIFE ASSURANCE BERHAD  
(Incorporated in Malaysia)

INCOME STATEMENT  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005

	<u>Note</u>	<u>2005</u> RM'000	<u>2004</u> RM'000
Operating revenue	14	<u>266,902</u>	<u>251,878</u>
Shareholder's fund:			
Investment income	16	2,356	2,669
Other operating (expenditure)/income - net	17	(1,991)	6,455
Management expenses	15	<u>(696)</u>	<u>(202)</u>
		(331)	8,922
Transfer to revenue account		<u>(12,000)</u>	<u>(2,000)</u>
(Loss)/profit before taxation		(12,331)	6,922
Taxation	18	<u>1,026</u>	<u>(2,330)</u>
Net (loss)/profit for the financial year		<u>(11,305)</u>	<u>4,592</u>
(Loss)/earnings per share (RM)	19	<u>(0.10)</u>	<u>0.05</u>

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

Company No.

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

UNI.ASIA LIFE ASSURANCE BERHAD  
(Incorporated in Malaysia)

LIFE INSURANCE REVENUE ACCOUNT  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005

	<u>Note</u>	<u>2005</u> RM'000	<u>2004</u> RM'000
Gross premium	14	243,395	239,548
Reinsurance		(2,015)	(1,554)
Net premium		<u>241,380</u>	<u>237,994</u>
Benefits paid and payable			
Death		(4,170)	(4,314)
Maturity		(636)	(1,281)
Surrender		(8,340)	(7,184)
Cash bonus		1	-
Others		(5,697)	(5,103)
Reinsurances recoveries		809	1,380
		<u>(18,033)</u>	<u>(16,502)</u>
		223,347	221,492
Commission and agency expenses		(17,063)	(14,217)
Management expenses	15	(18,553)	(19,085)
		187,731	188,190
Investment income	16	21,151	9,661
Other operating (expenditure)/income - net	17	(7,865)	18,849
Surplus before taxation		201,017	216,700
Taxation	18	(1,299)	(1,782)
Surplus after taxation		199,718	214,918
Life policyholders' funds at beginning of financial year		<u>362,386</u>	<u>145,468</u>
Transfer from income statement		562,104 12,000	360,386 2,000
Life policyholders' funds as at end of financial year		<u><u>574,104</u></u>	<u><u>362,386</u></u>

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

Company No.

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

UNI.ASIA LIFE ASSURANCE BERHAD  
(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005

	Number of <u>shares</u>	Issued and fully paid <u>ordinary shares of RM1 each</u>		Accumulated <u>losses</u> RM'000	<u>Total</u> RM'000
		Nominal <u>value</u> RM'000	Revaluation <u>reserve</u> RM'000		
Balance as at 1 April 2004	100,000	100,000	-	(17,725)	82,275
Issued during the financial year	25,000	25,000	-	-	25,000
Revaluation surplus	-	-	206	-	206
Net loss for the financial year	-	-	-	(11,305)	(11,305)
Balance as at 31 March 2005	<u>125,000</u>	<u>125,000</u>	<u>206</u>	<u>(29,030)</u>	<u>96,176</u>
Balance as at 1 April 2003	100,000	100,000	-	(22,317)	77,683
Net profit for the financial year	-	-	-	4,592	4,592
Balance as at 31 March 2004	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>(17,725)</u>	<u>82,275</u>

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

Company No.

277714

A

UNI.ASIA LIFE ASSURANCE BERHAD

(Incorporated in Malaysia)

CASH FLOW STATEMENT  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005

	<u>2005</u> RM'000	<u>2004</u> RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net profit/(loss) for the financial year	(11,305)	4,592
Adjustments for items not involving the movement of cash and cash equivalents:		
Life fund surplus for the financial year after taxation	199,718	214,918
Transfer from income statement to life fund	12,000	2,000
Property, plant and equipment		
- depreciation	1,203	1,805
- profit on disposal	(104)	(54)
- written off	-	25
- insurance recoveries	-	(2)
Accretion of discounts net of amortisation of premiums	(1,207)	(723)
Investment income	(22,300)	(11,605)
Gain on sale of investments	(42)	(21,600)
Increase/(decrease) in allowance for diminution in value of investments	9,978	(3,583)
(Decrease)/increase in allowance for doubtful debts	(231)	171
Gain on disposal of property	-	(74)
Taxation	273	4,112
	<hr/>	<hr/>
Operating profit before changes in operating assets and liabilities	187,983	189,982
Purchase of investments	(270,679)	(228,783)
Proceeds from sale of investments	86,226	140,509
Increase in loans receivable	(385)	(122)
Increase in fixed and call deposits	(81,981)	(116,966)
(Decrease)/increase in receivables	(2,062)	47
Increase in provision for outstanding claims	1,171	1,035
Increase in payables	42,815	17,626
Interest received	16,878	6,195
Dividends received	3,005	1,762
Other investment income received	980	1,001
	<hr/>	<hr/>
Cash (used in)/generated from operations	(16,049)	12,286
Income taxes paid	(2,479)	(1,120)
	<hr/>	<hr/>
Net cash (used in)/generated from operating activities	(18,528)	11,166

Company No.

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

UNI.ASIA LIFE ASSURANCE BERHAD  
(Incorporated in Malaysia)

CASH FLOW STATEMENT  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005 (CONTINUED)

	<u>Note</u>	<u>2005</u> RM'000	<u>2004</u> RM'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions to investment properties		-	(14)
Purchase of property, plant and equipment		(1,264)	(3,289)
Proceeds from disposal of property, plant and equipment		104	468
Insurance recovery for property, plant and equipment		-	2
Net cash used in investing activities		<u>(1,160)</u>	<u>(2,833)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from issuance of shares		25,000	-
Net cash generated from financing activities		<u>25,000</u>	<u>-</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL YEAR	20	5,312	8,333
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF FINANCIAL YEAR		<u>12,190</u>	<u>3,857</u>
CASH AND CASH EQUIVALENTS AS AT END OF FINANCIAL YEAR	7	<u><u>17,502</u></u>	<u><u>12,190</u></u>

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

Company No.

277714
--------

A
---

## UNI.ASIA LIFE ASSURANCE BERHAD

(Incorporated in Malaysia)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005

#### 1 PRINCIPAL ACTIVITY

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

The number of employees at the end of the financial year in the Company was 155 (2004: 144).

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office of the Company is located at Level 5, Wisma DRB-HICOM, No. 2 Jalan Usahawan U1/8, Seksyen U1, 40150 Shah Alam, Selangor Darul Ehsan.

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

The holding and ultimate holding companies are Uni.Asia Capital Sdn Bhd and DRB-HICOM Berhad respectively, both of which are incorporated in Malaysia.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors dated 1 June 2005.

#### 2 SIGNIFICANT ACCOUNTING POLICIES

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

##### (a) Basis of preparation

The financial statements have been prepared under the historical cost convention as modified by the revaluation of properties and comply with the MASB approved accounting standards in Malaysia and the provisions of the Companies Act, 1965, the Insurance Act, 1996 and relevant Guidelines and Circulars issued by Bank Negara Malaysia ("BNM") in all material aspects.

The preparation of financial statements in conformity with the provisions of the Companies Act 1965 and the MASB approved accounting standards in Malaysia requires the use of 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 revenues and expenses during the reported financial year. Although these estimates are based on the Directors' best knowledge of current events and actions, actual results may differ from those estimates.

Company No.

277714

A

## UNI.ASIA LIFE ASSURANCE BERHAD

(Incorporated in Malaysia)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005 (CONTINUED)

#### 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### (b) Property, plant and equipment

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and impairment loss.

Properties classified under property, plant and equipment are those held by the shareholder's fund which are substantially occupied by the Company and its related companies.

Properties of the shareholder's fund are initially stated at cost and subsequently revalued by the Directors, based on independent valuation of the open market value carried out by professional valuers. Such properties are revalued once every three years or earlier if the revalued amounts are materially higher than the market values.

The surplus arising on revaluation attributable to shareholders is credited to the shareholder's asset revaluation reserve account except that a surplus, to the extent that such surplus is related to and not greater than a deficit arising on revaluation previously recorded as an expense, is credited to income. A deficit arising on 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 reserve account and which has not been subsequently reversed or utilised, it is charged directly to that account.

Freehold land is not depreciated. Depreciation of other property, plant and equipment is provided on a straight line basis calculated to write off the cost of each asset over its estimated useful life.

Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount.

The principal annual depreciation rates are as follows:

Freehold building	2%
Motor vehicles	20%
Office equipment	25%
Furniture, fixtures and fittings	20%
Computer equipment	20% - 33 1/3%

##### (c) Investment properties

Properties held by the life insurance fund are regarded as investment properties.

Investment properties are initially stated at cost and subsequently revalued by the Directors, based on independent valuation of the open market value by professional valuers, with subsequent additions stated at cost. Investment properties are not depreciated. Investment properties are revalued at least once in every three years or earlier if the revalued amounts are materially higher than the market values.

Company No.

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

## UNI.ASIA LIFE ASSURANCE BERHAD

(Incorporated in Malaysia)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005 (CONTINUED)

#### 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### (c) Investment properties (continued)

Surpluses arising from revaluation of investment properties of the life fund are credited directly to an asset revaluation reserve within the life policyholders' fund. The portion of the surplus that is allocated to participating policyholders by the Company's appointed actuary may be distributed as bonus to such policyholders. Any deficit arising from revaluation is charged against that revaluation reserve to the extent of a previous surplus held in the revaluation reserve for the same asset. In all other cases, the deficit is recognised as an expense in the life revenue account.

On disposal of investment properties, the difference between net proceeds and the carrying amount is recognised in the income statement and/or revenue accounts. On disposal of revalued assets of the shareholder's fund, the amount of any remaining related revaluation surplus is transferred to retained earnings. On disposal of revalued assets of the life fund, the amount of any remaining related revaluation surplus is taken to the revenue account within the life fund.

The carrying amount of investment properties is reduced to recognise impairment loss.

##### (d) Investments

Malaysian Government securities and corporate debt securities as specified by Bank Negara Malaysia are stated at cost adjusted for the amortisation of premiums or accretion of discounts, calculated on an effective yield basis over the period from the date of purchase to maturity date. The amortisation of premiums and accretions of discounts are recognised in the income statement and revenue accounts. Other debt securities are stated at the lower of cost and market value.

Quoted investments are stated at the lower of cost and market value determined on the aggregate portfolio basis for each category of investments, if diminution in value of particular investment is not regarded as temporary, allowance is made against the value that investment. Market value is determined by reference to the stock exchange closing prices at the balance sheet date.

Unquoted investments are stated at cost less allowance for any impairment.

##### (e) Impairment of assets

The carrying values of assets are reviewed for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount is the higher of the net realisable value and the value in use, which is measured by reference to discounted cash flows. Recoverable amounts are estimated for individual assets, or, if it is not possible, for the cash-generating unit.

An impairment loss is charged to the income statement and/or revenue accounts immediately, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation deficit to the extent of the previously recognised revaluation surplus for the same asset.

Company No.

277714

A

## UNI.ASIA LIFE ASSURANCE BERHAD

(Incorporated in Malaysia)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005 (CONTINUED)

#### 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Impairment of assets (continued)

A subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement and/or revenue accounts immediately, unless the asset is carried at revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the income statement and/or revenue accounts, a reversal of that impairment loss is recognised as income in the income statement and/or revenue accounts.

(f) Receivables

Trade receivables are carried at invoiced amount less an allowance made for doubtful debts.

Known bad debts are written off and specific allowances are made for any premiums including agents balances or reinsurance balances which remain outstanding for more than six months from the date on which they become receivable and for all debts which are considered doubtful.

(g) Employee benefits

(i) Short term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued 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 into a separate entity (a fund). The Company will have no legal or constructive obligations to pay further contributions if the fund does not have sufficient assets to pay all employees' benefits relating to employee services in the current and prior financial years.

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

(h) Life insurance underwriting results

The surplus transferable from the life insurance fund to the income statement is based on the surplus determined by an annual actuarial valuation of the long term liabilities to policyholders, made in accordance with the provisions of the Insurance Act, 1996 by the Company's appointed actuary. In the event the actuarial valuation indicates that a transfer is required from the shareholder's fund, the transfer from the income statement to the life insurance fund is made in the year of the actuarial valuation.

UNI.ASIA LIFE ASSURANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005 (CONTINUED)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Life insurance underwriting results (continued)

Premium income

Premium income includes premium recognised in the life fund.

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.

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

Commission and agency expenses

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

Provision for claims

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

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

Claims and provisions for 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:

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

Company No.

277714

A

## UNI.ASIA LIFE ASSURANCE BERHAD

(Incorporated in Malaysia)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005 (CONTINUED)

#### 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### (i) Other revenue recognition

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

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.

Gain or losses arising on disposal of investments are credited or charged to the income statement and revenue accounts.

##### (j) Income taxes

Current tax expense is determined according to Malaysian tax laws and include all taxes based upon the taxable profits.

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 taxable profits will be available against which the deductible temporary differences or unused tax losses can be utilised.

Tax rates enacted or substantively enacted by the balance sheet date are used to determine deferred tax.

##### (k) Cash and cash equivalents

Cash and cash equivalents consist of cash and bank balances, excluding fixed and call deposits, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

##### (l) Financial instruments

###### (i) Financial risk management objectives, strategies and policies

The Company's activities expose it to a variety of risks. They include insurance risk, pricing risk, interest rate risk, market risk, credit risk and liquidity risk. The company's overall financial risk management objective is to safeguard the interest of the policyholders and shareholder.

Company No.

277714

A

## UNI.ASIA LIFE ASSURANCE BERHAD

(Incorporated in Malaysia)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005 (CONTINUED)

#### 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### (l) Financial instruments (continued)

##### (i) Financial risk management objectives, strategies and policies (continued)

###### Insurance risk

The principal activity of the Company is to provide insurance protection against risks such as mortality, morbidity, disability and personal accidents. The mortality and morbidity risks are managed through risk assessment before a policy is underwritten. The maximum underwriting exposure is limited through exclusion, cover limits and reinsurance arrangements.

###### Pricing risk

This is the risk of inadequacy of premium. Re-pricing of product is conducted at regular interval of two (2) years or shorter, if required. Experience studies are conducted to determine realistic assumptions. Stress tests and bonus reserve valuations are done by the appointed actuary to assess the solvency position. Furthermore, the investment mandate which provides guidance on the investment policies and guidelines, is reviewed regularly and approved by both the Investment Committee and Directors.

###### Interest rate risk

Interest rate risk exposure arises from the Company's investment activities in interest-bearing instruments. As changes in interest rate can have an impact on earnings, the risk is managed by focusing on achieving long term desired investment returns through a diversified portfolio. The Investment Committee reviews the interest rate environment and adjust the investment strategies and pricing strategy to ensure proper matching of the assets and the liabilities of the Company.

###### Market risk

Market risk is the risk of loss due to adverse changes in the market prices of financial instruments. This risk arises from the holdings of equities, debt instruments and other financial instruments. The risk is managed through diversification and close monitoring by the Investment Committee in terms of assets allocation and changes made to the investment mandate.

###### Credit risk

Credit risk is the risk of loss due to the inability of counter-party to meet the payment obligation. This risk arises when financial instruments are purchased and coverage is provided based on deferred credit terms. The Company adopts prudent investment strategies to reduce default payment risk.

Company No.

277714

A

## UNI.ASIA LIFE ASSURANCE BERHAD

(Incorporated in Malaysia)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005 (CONTINUED)

#### 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Financial instruments (continued)

(i) Financial risk management objectives, strategies and policies (continued)

Liquidity risk

This is the risk where the Company cannot meet its financial liabilities when they fall due. Sufficient liquidity is maintained through regular cash flow projections and active management of cash inflows and outflows. As the liabilities of the Company are predominantly long term in nature, the investment strategy is designed to ensure the fulfilment of these obligations when they fall due.

(ii) Fair values

Financial instruments comprise financial assets, financial liabilities. Fair value is the amount at which a financial asset could be exchanged or a financial liability settled between knowledgeable and willing parties in an arm's length transaction. The information presented herein represents the estimates of fair values as at the balance sheet date.

Where available, quoted and observable market prices are used as the measure of fair values. Where such quoted and observable market prices are not available, fair values are estimated based on a range of methodologies and assumptions regarding risk characteristics of various financial instruments, discount rates, estimates of future cash flows and other factors.

#### 3 PROPERTY, PLANT AND EQUIPMENT

Shareholder's fund

Freehold land  
and building  
RM'000

2005

At valuation

At beginning of financial year	1,375
Revaluation surplus	125
At end of financial year	<u>1,500</u>

Accumulated depreciation

At beginning of financial year	92
Revaluation surplus	(92)
Charge for the financial year	30
At end of financial year	<u>30</u>

Company No.

277714

A

UNI.ASIA LIFE ASSURANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005 (CONTINUED)

3 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Shareholder's fund (continued)

	<u>Freehold land and building</u> RM'000
<u>At 31.03.2005</u>	
Valuation	1,500
Accumulated depreciation	(30)
Net book value	<u>1,470</u>
<u>At 31.03.2004</u>	
Valuation	1,375
Accumulated depreciation	(92)
Net book value	<u>1,283</u>
Depreciation charge for the financial year ended 31.03.2004	<u>28</u>

- (a) In the previous financial year, the Directors performed a valuation of the following freehold land and building in accordance with the Company's accounting policy to revalue properties once every three years or earlier, which was carried out by an independent firm of professional valuers.

The Directors adopted this revaluation in the current financial year as the approval from Bank Negara Malaysia in the valuation was only obtained in the current financial year.

The land and building were revalued by Lee Vun-Tsir (MIS(M), Registered Valuer (V436)) of Colliers, Jordan Lee & Jaafar (JH) Sdn Bhd, an independent professional valuer. The revaluation was recognised in the financial statements as follows:

	RM'000
Revaluation surplus	217
Deferred taxation	(11)
Net revaluation surplus taken to reserve	<u>206</u>

Company No.

277714

A

UNI.ASIA LIFE ASSURANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005 (CONTINUED)

3 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

<u>Life fund</u>	<u>Motor vehicles</u> RM'000	<u>Furniture, fixtures fittings and office equipment</u> RM'000	<u>Total</u> RM'000
<u>Cost</u>			
At beginning of financial year	1,207	8,272	9,479
Additions	264	1,000	1,264
Disposals and write off	(269)	(97)	(366)
At end of financial year	<u>1,202</u>	<u>9,175</u>	<u>10,377</u>
<u>Accumulated depreciation</u>			
At beginning of financial year	840	5,823	6,663
Charge for the financial year	163	1,010	1,173
Disposals and write off	(269)	(86)	(355)
At end of financial year	<u>734</u>	<u>6,747</u>	<u>7,480</u>
<u>Net book value</u>			
As at 31.03.2005	<u>468</u>	<u>2,428</u>	<u>2,896</u>
As at 31.03.2004	<u>367</u>	<u>2,449</u>	<u>2,816</u>
Depreciation charge for the financial period ended 31.03.2004	<u>191</u>	<u>1,587</u>	<u>1,778</u>

- (b) Had the freehold land and building been carried at historical cost less accumulated depreciation, the carrying amount that would be have been included in the financial statements at the end of the financial year is RM1,512,000 (2004: RM1,530,000).

Company No.

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

UNI.ASIA LIFE ASSURANCE BERHAD  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005 (CONTINUED)

4 INVESTMENTS

Shareholder's fund

		<u>2005</u>		<u>2004</u>
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
	RM'000	value	RM'000	value
		RM'000		RM'000
Malaysian Government securities	-	-	3,025	3,263
Corporate debt securities	9,827		20,157	
Accretion of discounts/ (amortisation of premiums) - net	63		(55)	
	<u>9,890</u>		<u>23,127</u>	
Securities quoted in Malaysia:				
Shares/warrants	23,425		9,786	
Allowance for diminution in value	(2,436)		(260)	
	<u>20,989</u>	<u>20,988</u>	<u>9,526</u>	<u>9,547</u>
Loan stocks	-		54	
Allowance for diminution in value	-		(4)	
	<u>-</u>	<u>-</u>	<u>50</u>	<u>50</u>
Fixed and call deposits with:				
Licensed banks	7,118		23,782	
Licensed finance companies	-		5,153	
Other licensed financial institutions	-		14,324	
	<u>7,118</u>		<u>43,259</u>	
Total investments	<u>37,997</u>		<u>75,962</u>	

Company No.

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

UNI.ASIA LIFE ASSURANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005 (CONTINUED)

4 INVESTMENTS (CONTINUED)

Life fund

	<u>Cost/ Valuation RM'000</u>	<u>2005 Market value RM'000</u>	<u>Cost/ Valuation RM'000</u>	<u>2004 Market value RM'000</u>
Investment properties:				
Freehold land and building				
-at valuation	8,500		8,500	
Leasehold land and buildings				
-at valuation	9,400		9,400	
	<u>17,900</u>		<u>17,900</u>	
Malaysian Government securities at cost	54,665	<u>53,867</u>	16,587	<u>16,173</u>
Corporate debt securities at cost	190,721		100,520	
Accretion of discounts net of amortisation of premiums	1,509		103	
	<u>246,895</u>		<u>117,210</u>	
Securities quoted in Malaysia:				
Shares/warrants at cost	98,961		43,220	
Allowance for diminution in value	(8,882)		(1,069)	
	<u>90,079</u>	<u>90,079</u>	<u>42,151</u>	<u>42,275</u>
Loan stocks			108	
Allowance for diminution in value	-		(8)	
	<u>-</u>	<u>-</u>	<u>100</u>	<u>100</u>
Unquoted securities at cost:				
Shares of corporations	2,160		2,160	
Allowance for diminution in value	(33)		(33)	
	<u>2,127</u>		<u>2,127</u>	
Bonds of corporations at cost	<u>100</u>		<u>100</u>	

Company No.

277714

A

UNI.ASIA LIFE ASSURANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005 (CONTINUED)

4 INVESTMENTS (CONTINUED)

Life fund (continued)

	<u>2005</u>		<u>2004</u>	
	<u>Cost/ Valuation</u>	<u>Market value</u>	<u>Cost/ Valuation</u>	<u>Market value</u>
	RM'000	RM'000	RM'000	RM'000
Fixed and call deposits with:				
Licensed banks	278,184		116,466	
Licensed finance companies	8,100		10,952	
Other licensed financial institutions	15,114		55,858	
	<u>301,398</u>		<u>183,276</u>	
Total investments	<u>658,499</u>		<u>362,864</u>	

The maturity structure of Malaysian Government Securities, corporate debt securities, bonds and fixed and call deposits held as at the balance sheet date are as follow:

	<u>Shareholder's fund</u>		<u>Life fund</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
	RM'000	RM'000	RM'000	RM'000
Maturing within 12 months	7,118	43,259	285,639	185,728
Maturing after 12 months	9,890	23,177	262,754	114,958
	<u>17,008</u>	<u>66,436</u>	<u>548,393</u>	<u>300,686</u>

In the previous financial year, the following life fund's investment properties were revalued by the Directors based on the open market value carried out by an independent firm of professional valuers from Colliers Jordon Lee & Jaffar:

<u>Location of property</u>	<u>Name of valuer</u>	<u>Qualification</u>
Kuala Lumpur	Lee Vun-Tsir	MIS(M) Register Valuer (V436)
Melaka	Abdul Khalid Abdul Rahman	MIS(M), MIEA, APEPS Register Valuer (V493)
Kota Kinabalu	Chin Kim Choy	Register Valuer (V288)

As required under Insurance Act 1996, the valuation reports had been submitted to Bank Negara Malaysia and approval were obtained during the financial year.

Company No.

277714

A

UNI.ASIA LIFE ASSURANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005 (CONTINUED)

4 INVESTMENTS (CONTINUED)

As at the balance sheet date of the previous financial year, the following investments of the shareholder's fund totalling RM50,000,000 were assigned by the Company to the life fund to meet the solvency margin requirement of the life fund:

	<u>2004</u> RM'000
Malaysian Government Securities	3,011
Corporate debt securities	9,876
Fixed and call deposits	37,113
	<u>50,000</u>

5 LOANS RECEIVABLE

	<u>2005</u> RM'000	<u>2004</u> RM'000
Policy loans	13,769	13,337
Staff loans		
- secured	235	263
- unsecured	3	22
	<u>14,007</u>	<u>13,622</u>

The maturity structure of the loans are as follows:

	<u>2005</u> RM'000	<u>2004</u> RM'000
Receivable within 12 months	44	44
Receivable after 12 months	13,963	13,578
	<u>14,007</u>	<u>13,622</u>

6 RECEIVABLES

	<u>Shareholder's fund</u>		<u>Life fund</u>	
	<u>2005</u> RM'000	<u>2004</u> RM'000	<u>2005</u> RM'000	<u>2004</u> RM'000
Outstanding premiums including agents and brokers balances	-	-	2,152	2,270
Allowance for doubtful debts	-	-	(233)	(460)
	<u>-</u>	<u>-</u>	<u>1,919</u>	<u>1,810</u>
Amounts due from reinsurers	-	-	73	614
Allowance for doubtful debts	-	-	-	(1)
	<u>-</u>	<u>-</u>	<u>73</u>	<u>613</u>

Company No.

277714

A

UNI.ASIA LIFE ASSURANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005 (CONTINUED)

6 RECEIVABLES (CONTINUED)

	Shareholder's fund		Life fund	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Income due and accrued	209	845	7,035	4,965
Allowance for doubtful debts	-	-	(134)	(137)
	<u>209</u>	<u>845</u>	<u>6,901</u>	<u>4,828</u>
Other receivables, deposits and prepayments	77	-	3,305	654
Amount due from life fund	50,000	-	-	-
	<u>50,285</u>	<u>845</u>	<u>12,198</u>	<u>7,905</u>

7 CASH AND CASH EQUIVALENTS

	2005	2004
	RM'000	RM'000
Cash and bank balances		
Shareholder's fund	588	668
Life fund	16,914	11,522
	<u>17,502</u>	<u>12,190</u>

8 PROVISION FOR OUTSTANDING CLAIMS

	Life fund	
	2005	2004
	RM'000	RM'000
Provision for outstanding claims	5,951	4,637
Less: Recoverable from reinsurers	(720)	(577)
Net outstanding claims	<u>5,231</u>	<u>4,060</u>

Company No.

277714

A

UNI.ASIA LIFE ASSURANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005 (CONTINUED)

9 PAYABLES

	Shareholder's fund		Life fund	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Amounts due to reinsurers	-	-	1,616	344
Amounts due to agents/brokers and insureds	-	-	55,459	12,427
Other payables and accruals	268	1,539	8,781	8,999
Amount due to shareholder's fund	-	-	50,000	-
	<u>268</u>	<u>1,539</u>	<u>115,856</u>	<u>21,770</u>

Included in amount due to agents/brokers and insureds was RM28.6 million which represents premiums in respect of the Company's new investment-linked business which were unitised on 1 April 2005, as disclosed in Note 22 to the financial statements.

10 DEFERRED TAXATION

<u>Shareholder's fund</u>	<u>2005</u>	<u>2004</u>
	RM'000	RM'000
<b>Deferred tax assets</b>		
- subject to income tax	6,588	5,562
<b>Deferred tax liabilities</b>		
- subject to capital gain tax	(11)	-
	<u>6,577</u>	<u>5,562</u>
At beginning of financial year	5,562	7,892
Transfer to revaluation reserves	(11)	-
Credited/(charged) to income statement:		
- investment	575	(187)
- tax losses	451	(2,143)
	<u>1,026</u>	<u>(2,330)</u>
At end of financial year	<u>6,577</u>	<u>5,562</u>
Subject to income tax:		
Deferred tax assets (before offsetting)		
- investment	664	89
- tax losses	5,924	5,473
	<u>6,588</u>	<u>5,562</u>
Subject to capital gain tax:		
Deferred tax liability (before offsetting)		
- property, plant and equipment	(11)	-
Deferred tax assets (after offsetting)	<u>6,577</u>	<u>5,562</u>

Company No.

277714

A

UNI.ASIA LIFE ASSURANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005 (CONTINUED)

10 DEFERRED TAXATION (CONTINUED)

	<u>2005</u> RM'000	<u>2004</u> RM'000
<b>Life fund</b>		
Deferred tax liability		
- subject to income tax	928	928
At beginning of financial year	928	1,221
Disposal of a property	-	(10)
Revaluation reserve	-	(283)
At end of financial year	928	928
Subject to income tax:		
Deferred tax liability (before and after offsetting)		
- revaluation surplus	928	928

Deductible temporary differences for which no deferred tax assets have been recognised is as follows:

	<u>Life fund</u>	
	<u>2005</u> RM'000	<u>2004</u> RM'000
Deductible temporary differences	8,439	2,091

11 REVALUATION RESERVE

	<u>2005</u> RM'000	<u>2004</u> RM'000
At beginning of financial year	8,752	12,108
Disposal of property	-	(99)
Revaluation deficit	-	(3,257)
At end of financial year	8,752	8,752

The asset revaluation reserve represents the surplus arising from the revaluation of investment properties of the life fund.

Distribution of the surplus arising from the revaluation of the life fund's assets may be made 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 reserve or 10% of the market value of the revalued property, whichever is the lower.

Company No.

277714

A

UNI.ASIA LIFE ASSURANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005 (CONTINUED)

12 LIFE POLICYHOLDERS' FUND

Based on the actuarial valuation of the life fund made up to 31 March 2005, the Actuary was satisfied that the assets available in the life fund are sufficient to meet its long term liabilities to policyholders.

	<u>2005</u> RM'000	<u>2004</u> RM'000
<u>Actuarial liabilities</u>		
At beginning of financial year	349,242	143,725
Add: Increase in policy reserves	205,895	201,074
Bonus allocated to participating policyholders, including interim bonus from normal surplus	12,473	4,663
Less: Interim bonus	(112)	(220)
At end of financial year	<u>567,498</u>	<u>349,242</u>
<u>Unallocated surplus</u>		
At beginning of financial year	21,896	13,851
Add: (Deficit)/surplus arising during the financial year	(6,065)	10,708
Transfer from Shareholder's fund	12,000	2,000
Less: Bonus allocated to policyholders, including interim bonus from normal surplus	(12,473)	(4,663)
At end of financial year	<u>15,358</u>	<u>21,896</u>
Life policyholders' fund at end of financial year:		
Actuarial liabilities	567,498	349,242
Unallocated surplus	15,358	21,896
	<u>582,856</u>	<u>371,138</u>

The amount of RM12,000,000 (2004: RM2,000,000) has been transferred from the income statement as at the balance sheet date.

Included in the amount of unallocated surplus carried forward is the undistributed surplus arising from the revaluation of the life business investment properties of RM8,752,000 (2004: RM8,752,000) (Note 11).

Company No.

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

UNI.ASIA LIFE ASSURANCE BERHAD  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005 (CONTINUED)

13 SHARE CAPITAL

	Shareholder's fund	
	<u>2005</u>	<u>2004</u>
	RM'000	RM'000
Authorised ordinary shares of RM1 each		
At beginning of financial year	100,000	100,000
Created during the financial year	25,000	-
	<u>125,000</u>	<u>100,000</u>
At end of financial year	<u>125,000</u>	<u>100,000</u>

14 OPERATING REVENUE

Operating revenue represents gross premiums for life insurance business and investment income as set out below:

	<u>2005</u>	<u>2004</u>
	RM'000	RM'000
Gross premium	243,395	239,548
Investment income:		
- Shareholder's fund	2,356	2,669
- Life fund	21,151	9,661
	<u>266,902</u>	<u>251,878</u>

Company No.

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

UNI.ASIA LIFE ASSURANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005 (CONTINUED)

15 MANAGEMENT EXPENSES

	Shareholder's fund		Life fund	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Staff salaries and bonus	-	-	8,831	7,744
Defined contribution plans	-	-	1,183	970
Others	26	25	571	696
Staff costs	26	25	10,585	9,410
Non-executive Directors' remuneration				
- current year	254	41	-	-
- underaccrual in prior year	172	-	-	-
	426	41	-	-
Auditors' remuneration	-	1	44	44
Rental of offices paid to third parties	-	-	288	281
Depreciation of property, plant and equipment	30	27	1,173	1,778
Training expenses	-	-	954	1,473
Printing and stationery	-	-	384	529
Postage, telephone, telax and telefax	-	-	493	398
EDP expenses	-	-	773	733
(Writeback)/increase of allowance for doubtful debts	-	-	(231)	171
Other expenses	213	108	4,090	4,268
	695	202	18,553	19,085

Included in staff costs of the Life Fund is RM87,000 (2004: RM125,000) accrued for accumulated annual leave.

The remuneration, including benefits-in-kind, attributable to the Chief Executive Officer of the Company during the financial year amounted to RM424,000 (2004: RM343,000).

The Directors of the Company in office during the financial year were as follows:

Non-executive Directors

Dato' Maznah bte Abdul Jalil (Chairman)	Non-Independent director
Lee Chin Yong (Deputy Chairman)	Non-Independent director
Dato' Mohammed Adnan bin Datuk Shuaib	Non-Independent director
Kwok Chong See	Non-Independent director
Hashim bin Harun	Non-Independent director
Roza Shahnaz binti Omar	Non-Independent director
Yeong Chee Wah	Independent director
Chan Kok Seong	Alternate to Lee Chin Yong
Lee Siang Chin (appointed w.e.f 15.3.2005)	Independent director
Kim Kok Kwang (resigned w.e.f 15.3.2005)	Independent director

Company No.

277714

A

## UNI.ASIA LIFE ASSURANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005 (CONTINUED)

## 16 INVESTMENT INCOME

	Shareholder's fund		Life fund	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Interest from:				
- Malaysian Government Securities	106	219	1,141	590
- policy loans	-	-	1,695	1,260
- fixed and call deposits	824	1,106	6,025	3,207
- corporate debt securities	678	753	7,590	1,723
- staff loans	-	-	23	3
Accretion of discounts net of amortisation of premiums	44	55	1,163	668
Gross dividends:				
- quoted shares in Malaysia	584	416	2,671	1,340
- unquoted shares in Malaysia	-	-	-	6
Rental income received from third parties	120	120	843	864
	<u>2,356</u>	<u>2,669</u>	<u>21,151</u>	<u>9,661</u>

## 17 OTHER OPERATING (EXPENDITURE)/INCOME – NET

	Shareholder's fund		Life fund	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Gain/(loss) on sale of investments	181	5,294	(139)	16,305
Gain on disposal of property	-	-	-	74
(Increase)/decrease in allowance for diminution in value of investments	(2,172)	1,161	(7,806)	2,422
Property, plant and equipment				
- profit on disposal	-	-	104	54
- write off	-	-	-	(25)
Realised exchange losses	-	-	(12)	(1)
Other (expenditure)/income	-	-	(12)	20
Other operating (expenditure)/ income - net	<u>(1,991)</u>	<u>6,455</u>	<u>(7,865)</u>	<u>18,849</u>

Company No.

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

UNI.ASIA LIFE ASSURANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005 (CONTINUED)

18 TAXATION

	Shareholder's fund		Life fund	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Current taxation	-	-	1,399	1,963
Deferred taxation (Note 10)	(1,026)	2,330	-	-
Overprovision in prior years	-	-	(100)	(181)
	<u>(1,026)</u>	<u>2,330</u>	<u>1,299</u>	<u>1,782</u>

A reconciliation of taxation applicable to (loss)/profit before taxation at the statutory income tax rate to taxation at the effective income tax rate of the shareholder's fund is as follows:

	2005	2004
	RM'000	RM'000
(Loss)/profit before taxation	<u>(12,331)</u>	<u>6,922</u>
Taxation of statutory tax rate of 28%	(3,453)	1,938
Tax effect of:		
Expenses not deductible for tax purposes	<u>2,427</u>	<u>392</u>
	<u>(1,026)</u>	<u>2,330</u>

A reconciliation of income tax expense applicable to surplus before taxation at the statutory income tax rate to taxation at the effective tax rate of the life fund is as follows:

	2005	2004
	RM'000	RM'000
Surplus before taxation	<u>201,017</u>	<u>216,700</u>
Taxation at statutory tax rate of 8%	16,081	17,336
Tax effects of:		
- Income not subject to tax	(19,371)	(19,150)
- Expenses not deductible for tax purposes	4,181	3,866
- Deductible temporary differences not recognised	508	(89)
Overprovision in prior years	<u>(100)</u>	<u>(181)</u>
	<u>1,299</u>	<u>1,782</u>

Company No.

277714

A

UNI.ASIA LIFE ASSURANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005 (CONTINUED)

19 (LOSS)/EARNINGS PER SHARE

The (loss)/earnings per ordinary share has been calculated based on the net (loss)/profit for the financial year and the weighted average number of ordinary shares in issue during the financial year of RM112 million (2004: RM100 million).

20 CASH FLOW SEGMENT INFORMATION

	Shareholder's fund	Life fund	Total
	RM'000	RM'000	RM'000
Cash (outflows)/inflows from:			
<u>2005</u>			
Operating activities	(25,080)	6,552	(18,528)
Investing activities	-	(1,160)	(1,160)
Financing activities	25,000	-	25,000
	<u>(80)</u>	<u>5,392</u>	<u>5,312</u>
<u>2004</u>			
Operating activities	413	10,753	11,166
Investing activities	-	(2,833)	(2,833)
Financing activities	-	-	-
	<u>413</u>	<u>7,920</u>	<u>8,333</u>

21 CAPITAL COMMITMENTS

	<u>2005</u> RM'000	<u>2004</u> RM'000
Capital commitments for property, plant and equipment approved by Directors but not provided for in the financial statements		
Contracted for	<u>420</u>	<u>309</u>

22 SUBSEQUENT EVENT

During the financial year the Company launched their investment-linked policies. However, the unitisation of the units of these investment-linked policies was made subsequent to financial year end, on 1 April 2005. Accordingly, total premiums received for the investment-linked policies during the financial year have been disclosed as premium deposits (see Note 9 to the financial statements).

Company No.

277714

A

## UNI.ASIA LIFE ASSURANCE BERHAD

(Incorporated in Malaysia)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005 (CONTINUED)

#### 23 RELATED PARTY DISCLOSURES

(a) Related parties and relationship

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

	<u>Relationship</u>
DRB-HICOM Berhad ("DRB-HICOM")	Ultimate holding company
Uni.Asia Capital Sdn Bhd	Holding company
<u>Affiliated companies</u>	
Edaran Otomobil Nasional Berhad ("EON Berhad")	Associate of DRB-HICOM
Airport Coach Sdn Bhd	Associate of DRB-HICOM
EON Bank Berhad	Subsidiary of EON Berhad
EON Finance Berhad	Subsidiary of EON Berhad
<u>Related companies</u>	
HICOM Holdings Berhad	Subsidiary of DRB-HICOM
Uni.Asia General Insurance Berhad	Subsidiary of DRB-HICOM
Scott & English (M) Sdn Bhd	Subsidiary of DRB-HICOM
Scott & English Electronics Sdn Bhd	Subsidiary of DRB-HICOM
Auto Prominence Sdn Bhd	Subsidiary of DRB-HICOM
HICOM United Leasing Sdn Bhd	Subsidiary of DRB-HICOM
KL Airport Services Sdn Bhd	Subsidiary of DRB-HICOM
Automotive Corporation(M) Sdn Bhd	Subsidiary of DRB-HICOM
Horsedale Development Berhad	Subsidiary of DRB-HICOM
Alam Flora Sdn Bhd	Subsidiary of DRB-HICOM
Automotive Manufacturers(M) Sdn Bhd	Subsidiary of DRB-HICOM
Directional (M) Sdn Bhd	Subsidiary of DRB-HICOM
DRB-HICOM Defence Tech Sdn Bhd	Subsidiary of DRB-HICOM
Edaran Modenas Sdn Bhd	Subsidiary of DRB-HICOM
Euro Truck & Bus Sdn Bhd	Subsidiary of DRB-HICOM
HICOM Diecastings Sdn Bhd	Subsidiary of DRB-HICOM
HICOM Engineering Sdn Bhd	Subsidiary of DRB-HICOM
HICOM Holdings Berhad	Subsidiary of DRB-HICOM
HICOM Properties Sdn Bhd	Subsidiary of DRB-HICOM
HICOM Teck See Manufacturing (M) Sdn Bhd	Subsidiary of DRB-HICOM
Imatex Berhad	Subsidiary of DRB-HICOM
Intrakota Komposit Group of Companies	Subsidiary of DRB-HICOM
Malaysian Trucks & Bus Sdn Bhd	Subsidiary of DRB-HICOM
Multi Automotive Service And Assist Sdn Bhd	Subsidiary of DRB-HICOM
Perspec Prime(M) Sdn Bhd	Subsidiary of DRB-HICOM
Puspakom	Subsidiary of DRB-HICOM

Company No.

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

UNI.ASIA LIFE ASSURANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005 (CONTINUED)

23 RELATED PARTY DISCLOSURES (CONTINUED)

(a) Related parties and relationship (continued)

<u>Other related parties</u>	<u>Relationship</u>
HN Industry Sdn Bhd	Jointly controlled entity of DRB-HICOM
HICOM Honda Manufacturing (M) Sdn Bhd	Jointly controlled entity of DRB-HICOM
United Overseas Bank (M) Bhd	Substantial shareholder of holding company
Master Carriage Group of Companies	Related by common director

(b) Related party balances

	<u>2005</u> RM'000	<u>2004</u> RM'000
Amounts due from related parties included in receivables (Note 6) are as follows:		
- outstanding premiums due from DRB-HICOM	5	5
- outstanding premiums due from affiliated companies	1	70
- outstanding premiums due from related companies	182	312
- outstanding premiums due from other related parties	311	150
	<u>          </u>	<u>          </u>
Fixed and call deposits included in investments (Note 4) placed with:		
- affiliated companies	32,823	29,500
- other related parties	125,961	62,950
	<u>          </u>	<u>          </u>
Bank balances included in cash and cash equivalents (Note 7) placed with:-		
- affiliated companies	2,981	294
- other related company	44	-
	<u>          </u>	<u>          </u>

## UNI.ASIA LIFE ASSURANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005 (CONTINUED)

## 23 RELATED PARTY DISCLOSURES (CONTINUED)

(c) Significant related party transactions

In the normal course of business, the Company undertakes various transactions with other companies deemed related parties by virtue of being subsidiaries and associated companies of DRB-HICOM. The Company sold insurance policies to related parties on terms and conditions no more favourable than those available on similar transactions to its unrelated parties.

The significant related party transactions during the financial year are as follows:

	<u>2005</u> RM'000	<u>2004</u> RM'000
i) Gross premium received/receivable from:		
- related companies	759	701
- affiliated companies	-	219
- other related parties	284	352
	<u>          </u>	<u>          </u>
ii) Commission paid/payable to:		
- related companies	3,581	3,471
- Affiliated companies	509	1,131
	<u>          </u>	<u>          </u>
iii) Interest received/receivable from deposits:		
- Affiliated companies	1,200	1,129
- Other related parties	2,478	797
	<u>          </u>	<u>          </u>
iv) Purchase of securities		
- Affiliated companies	-	777
- Other related parties	25,869	74,893
	<u>          </u>	<u>          </u>
v) Purchase of fixed assets		
- Affiliated companies	258	194
	<u>          </u>	<u>          </u>
vi) Sales of securities		
- Affiliated companies	-	872
	<u>          </u>	<u>          </u>
vii) Sale of fixed assets		
- Affiliated companies	-	103
	<u>          </u>	<u>          </u>
viii) Management fees paid		
- Other related parties	386	99
	<u>          </u>	<u>          </u>
ix) Service fee paid		
- Affiliated companies	-	62
	<u>          </u>	<u>          </u>

Company No.

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

UNI.ASIA LIFE ASSURANCE BERHAD  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005 (CONTINUED)

24 FINANCIAL INSTRUMENTS

(a) Exposure to interest rate risk

The following tables provide information about financial assets and financial liabilities showing the weighted average effective interest rate and the earlier of the contractual repricing or maturity date for each class of interest-bearing financial instrument in the balance sheet.

2005	Non-interest bearing RM'000	Interest-bearing contractual repricing or maturity date (whichever is earlier)			Total carrying amount RM'000	Weighted average effective interest rate %
		1 year or less RM'000	1 to 5 years RM'000	More than 5 years RM'000		
<b>Financial assets:</b>						
<b>Investments</b>						
- Malaysian Government securities	-	2,236	16,924	35,170	54,330	4.79
- Corporate debt securities, bonds and loanstocks	25,122	-	58,021	119,412	202,555	4.41
- Shares/warrant	113,195	-	-	-	113,195	-
- Loans receivables	-	44	-	13,963	14,007	8.00
- Cash and bank balances	17,502	-	-	-	17,502	-
- Fixed and call deposits	-	290,516	18,000	-	308,516	2.80
Other receivables, deposits and prepayments	7,110	-	-	-	7,110	-
	<u>162,929</u>	<u>292,796</u>	<u>92,945</u>	<u>168,545</u>	717,215	
<b>Other financial assets*</b>						
- Outstanding premiums including agents' and brokers' balances					1,919	
- Amount due from reinsurers					73	
- Amount due to shareholder's fund					50,000	
					<u>769,207</u>	
Total financial assets					<u>32,582</u>	
Other assets						
Total assets per balance sheet					<u>801,789</u>	

Company No.

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

UNI.ASIA LIFE ASSURANCE BERHAD  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005 (CONTINUED)

24 FINANCIAL INSTRUMENTS (CONTINUED)

(a) Exposure to interest rate risk (continued)

<u>2005</u>	Non-interest bearing <u>RM'000</u>	Interest-bearing contractual repricing or <u>maturity date (whichever is earlier)</u>			Total carrying amount <u>RM'000</u>
		1 year or less <u>RM'000</u>	1 to 5 years <u>RM'000</u>	More than 5 years <u>RM'000</u>	
Financial liabilities:					
- Other payables and accruals	<u>9,049</u>	<u>-</u>	<u>-</u>	<u>-</u>	9,049
Other financial liabilities*					
- Life policyholders' fund					582,856
- Provision for outstanding claims					5,231
- Amount due to reinsurers					1,616
- Amount due to agents/brokers/insurers					55,459
- Amount due to shareholder's fund					50,000
Total financial liabilities					<u>704,211</u>
Other liabilities					<u>1,402</u>
Total liabilities per balance sheet					<u>705,613</u>

Company No.

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

UNI.ASIA LIFE ASSURANCE BERHAD  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005 (CONTINUED)

24 FINANCIAL INSTRUMENTS (CONTINUED)

(a) Exposure to interest rate risk (continued)

2004	Non-interest bearing RM'000	Interest-bearing contractual repricing or maturity date (whichever is earlier)			Total carrying amount RM'000	Weighted average effective interest rate %
		1 year or less RM'000	1 to 5 years RM'000	More than 5 years RM'000		
Financial assets:						
Investments						
- Malaysian Government securities	-	260	14,145	5,072	19,477	5.86
- Corporate debt securities, bonds and loanstocks	6,877	10,192	33,200	70,841	121,110	4.21
- Shares/warrant	53,804	-	-	-	53,804	-
- Loans receivables	-	44	-	13,578	13,622	8.00
- Cash and bank balances	12,190	-	-	-	12,190	-
- Fixed and call deposits	-	218,535	8,000	-	226,535	2.90
Other receivables, deposits and prepayments	6,327	-	-	-	6,327	-
	<u>79,198</u>	<u>229,031</u>	<u>55,345</u>	<u>89,491</u>	<u>453,065</u>	
Other financial assets*						
- Outstanding premiums including agents' and brokers' balances					1,810	
- Amount due from reinsurers					613	
					<u>455,488</u>	
Total financial assets					<u>27,561</u>	
Other assets						
Total assets per balance sheet					<u>483,049</u>	

Company No.

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

UNI.ASIA LIFE ASSURANCE BERHAD  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005 (CONTINUED)

24 FINANCIAL INSTRUMENTS (CONTINUED)

(a) Exposure to interest rate risk (continued)

<u>2004</u>	Non-interest bearing RM'000	Interest-bearing contractual repricing or maturity date (whichever is earlier)			Total carrying amount RM'000
		1 year or less RM'000	1 to 5 years RM'000	More than 5 years RM'000	
Financial liabilities:					
- Other payables and accruals	10,538	-	-	-	10,538
Other financial liabilities*					
- Life policyholders' fund					371,138
- Provision for outstanding claims					4,060
- Amount due to reinsurers					344
- Amount due to agents/brokers/insurers					12,427
Total financial liabilities					398,507
Other liabilities					2,267
Total liabilities per balance sheet					400,774

(\* Disclosed information for financial assets and liabilities that relate to rights and obligations arising under insurance contracts are not shown as they are excluded from the scope of MASB Standard 24 "Financial Instruments: Disclosure and Presentation").

Company No.

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

UNI.ASIA LIFE ASSURANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005 (CONTINUED)

24 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Rating of corporate debts securities on book value basis

	<u>2005</u>	<u>2004</u>
AAA	34,567	22,083
AA	114,476	61,180
A	35,906	14,264
Non-rated	8,487	8,110
	<u>193,436</u>	<u>105,637</u>

The rating categories are based on the grading by reputable agencies.

(c) Fair values

The total fair value of each financial instrument is not materially different from the total carrying value, except for unquoted shares and the following:-

	<u>Shareholder's fund</u>		<u>Life fund</u>	
	<u>Carrying amount</u>	<u>Fair values</u>	<u>Carrying amount</u>	<u>Fair values</u>
	RM'000	RM'000	RM'000	RM'000
Investments:				
- Malaysian Government Securities	-	-	54,330	53,867
- corporate debt securities	9,890	9,737	190,565	196,989
	<u>9,890</u>	<u>9,737</u>	<u>244,895</u>	<u>250,856</u>

	<u>Shareholder's fund</u>		<u>Life fund</u>	
	<u>Carrying amount</u>	<u>Fair values</u>	<u>Carrying amount</u>	<u>Fair values</u>
	RM'000	RM'000	RM'000	RM'000
Investments:				
- Malaysian Government Securities	3,011	3,263	16,466	16,173
- corporate debt securities	20,116	19,690	100,744	97,879
- quoted shares/warrants	9,526	9,547	42,142	42,175
	<u>32,653</u>	<u>32,500</u>	<u>159,352</u>	<u>156,227</u>

A reasonable estimate of fair value for unquoted shares could not be made without incurring excessive costs. Therefore such investments are valued at cost and are subject to review for impairment.