

UNI.ASIA LIFE ASSURANCE BERHAD  
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2006

Company No.

277714	A
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UNI.ASIA LIFE ASSURANCE BERHAD  
(Incorporated in Malaysia)

REPORT AND FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2006

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UNI.ASIA LIFE ASSURANCE BERHAD  
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## 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 2006.

### 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, except that the Company commenced underwriting investment-linked business on 1 April 2005.

### FINANCIAL RESULTS

	RM'000
Net profit for the financial year	<u>217</u>

### DIVIDENDS

No dividend has been paid or declared by the Company since 31 March 2005. The Directors do not recommend any dividend for the financial year ended 31 March 2006.

### RESERVES AND PROVISIONS

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

### PROVISION FOR OUTSTANDING CLAIMS

Before the income statement and balance sheet of the Company were made out, the Directors took reasonable steps to ascertain that there was adequate provision for incurred claims, including Incurred But Not Reported ("IBNR") claims.

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

BAD AND DOUBTFUL DEBTS

Before the income statement and balance sheet 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 Company inadequate to any substantial extent.

CURRENT ASSETS

Before the income statements and the balance sheets 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 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.

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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 financial 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 financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect substantially the results of the operations of the Company for the period in which this report is made.

CORPORATE GOVERNANCE

(a) Importance and commitment

The Company, with the leadership of the Board of Directors ("the Board"), is adopting the necessary measures to ensure that the corporate and management practices are consistent with the regulatory requirements and best practice standards ordained under JPI/GPI 25: Prudential Framework of Corporate Governance for Insurers ("the Framework") issued on 10 May 2000 by Bank Negara Malaysia ("BNM"). JPI 13/2005 issued on 19 May 2005 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.

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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 Chief Executive Officer ("CEO") to the Board;
  - regular assessments of internal controls by the Company's internal audit department; and
  - review of the effectiveness of the internal control processes by the Audit Committee, on behalf of the Board.

(c) Board responsibilities

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

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

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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 office 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 (resigned on 6 March 2006)	Non-Independent director
Chan Kok Seong (appointed on 11 May 2006)	Non-Independent director
Yeong Chee Wah	Independent director
Lee Siang Korn @ Lee Siang Chin	Independent director

The Board meetings and attendance for the financial year ended 31 March 2006 are as follows:

<u>Directors</u>	<u>Number of Board meeting</u>	
	<i>Held</i>	<i>Attended</i>
Dato' Maznah bte Abdul Jalil	6	5
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 (resigned on 6 March 2006)	6	4
Yeong Chee Wah	6	6
Lee Siang Korn @ Lee Siang Chin	6	6

(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 succeeding year thereafter one-third of the Directors (being those who have been longest in office) shall retire or be re-elected.

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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.

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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 Korn @ Lee Siang Chin and Dato' Mohammed Adnan bin Datuk Shuaib (replacing 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 four Directors and is chaired by Mr Lee Siang Korn @ Lee Siang Chin. The other members are Dato' Maznah bte Abdul Jalil, Mr Lee Chin Yong and Mr Kwok Chong See. Puan Roza Shahnaz binti Omar resigned on 6 March 2006.

The Remuneration Committee sets the remuneration policy for the Directors, the 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.

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DIRECTORS' REPORT (CONTINUED)

CORPORATE GOVERNANCE (CONTINUED)

l) Nomination Committee

The Nomination Committee established in July 2003, is chaired by Mr Lee Siang Korn @ Lee Siang Chin and consist of Dato' Maznah bte Abdul Jalil, Mr Lee Chin Yong, Mr Kwok Chong See and Dato' Mohammed Adnan bin Datuk Shuaib (replacing Puan Roza Shahnaz binti Omar). 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 and Dato' Mohammed Adnan bin Datuk Shuaib. 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 Korn @ Lee Siang Chin, 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.

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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 1.4.2005</u>	<u>Acquired</u>	<u>Disposed</u>	<u>As at 31.3.2006</u>
Direct interest:				
Dato' Maznah bte Abdul Jalil	500,000	650,500	600,000	550,500
Chan Kok Seong	5,000	-	-	5,000

	<u>Number of options over ordinary shares of RM1.00 each</u>			
	<u>As at 1.4.2005</u>	<u>Granted</u>	<u>Exercised</u>	<u>As at 31.3.2006</u>
Direct interest:				
Dato' Maznah bte Abdul Jalil	104,000	-	104,000	-

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 year, 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.

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UNI.ASIA LIFE ASSURANCE BERHAD  
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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 26 May 2006.

DATO' MAZNAH BTE ABDUL JALIL  
CHAIRMAN

LEE CHIN YONG  
DIRECTOR

Shah Alam, Selangor

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UNI.ASIA LIFE ASSURANCE BERHAD  
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STATEMENT BY DIRECTORS PURSUANT TO  
SECTION 169 (15) OF THE COMPANIES ACT, 1965

We, Dato' Maznah bte 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 54 are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 March 2006 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 26 May 2006.

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 54 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 26 May 2006, 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 54. 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 2006 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 U. RATHINASAMY  
(No. 2059/06/06 (J))  
Partner of the firm

Kuala Lumpur  
[26 May 2006]

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UNI.ASIA LIFE ASSURANCE BERHAD  
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BALANCE SHEET  
AS AT 31 MARCH 2006

	<u>Note</u>	<u>2006</u> RM'000	<u>2005</u> RM'000
<b>ASSETS</b>			
Shareholder's fund assets			
Property, plant and equipment	3	1,440	1,470
Investments	4	38,470	37,997
Deferred tax assets	10	6,044	6,588
Receivables	6	50,161	50,286
Cash and cash equivalents	7	300	588
Tax recoverable		247	-
		<hr/>	<hr/>
Total Shareholder's fund assets		96,662	96,929
Total Life fund assets (page 14)		882,710	704,871
		<hr/>	<hr/>
<b>TOTAL ASSETS</b>		<u>979,372</u>	<u>801,800</u>
<b>LIABILITIES</b>			
Shareholder's fund liabilities			
Payables	9	258	268
Current tax payable		-	474
Deferred tax liabilities	10	11	11
		<hr/>	<hr/>
Total Shareholder's fund liabilities		269	753
Total Life fund liabilities (page 14)		73,925	122,015
Total Life policyholders' fund	12	808,785	582,856
		<hr/>	<hr/>
		882,979	705,624
		<hr/>	<hr/>
<b>SHAREHOLDER'S EQUITY</b>			
Share capital	13	125,000	125,000
Accumulated losses		(28,813)	(29,030)
Revaluation reserve		206	206
		<hr/>	<hr/>
		96,393	96,176
		<hr/>	<hr/>
<b>TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY</b>		<u>979,372</u>	<u>801,800</u>

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

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UNI.ASIA LIFE ASSURANCE BERHAD  
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LIFE FUND BALANCE SHEET  
AS AT 31 MARCH 2006

	<u>Note</u>	<u>2006</u> RM'000	<u>2005</u> RM'000
<b>ASSETS</b>			
Property, plant and equipment	3	4,467	2,896
Investments	4	716,868	658,499
Loans	5	15,614	14,007
Tax recoverable		336	357
Receivables	6	29,771	12,198
Cash and cash equivalents	7	3,888	16,914
Investment-linked fund assets	20	111,766	-
<b>TOTAL LIFE FUND ASSETS</b>		<u>882,710</u>	<u>704,871</u>
<b>LIABILITIES</b>			
Provision for outstanding claims	8	7,958	5,231
Payables	9	63,433	115,856
Deferred tax liabilities	10	928	928
Investment-linked fund liabilities	20	1,606	-
<b>Total Life fund liabilities</b>		<u>73,925</u>	<u>122,015</u>
<b>LIFE POLICYHOLDERS' FUND</b>			
Life insurance revenue account		800,033	574,104
Revaluation reserve	11	8,752	8,752
<b>Total life policyholders' fund</b>	12	<u>808,785</u>	<u>582,856</u>
<b>TOTAL LIFE FUND LIABILITIES AND LIFE POLICYHOLDERS' FUND</b>		<u>882,710</u>	<u>704,871</u>

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

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UNI.ASIA LIFE ASSURANCE BERHAD  
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INCOME STATEMENT  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2006

	<u>Note</u>	<u>2006</u> RM'000	<u>2005</u> RM'000
Operating revenue	14	<u>302,151</u>	<u>266,090</u>
Shareholder's fund:			
Investment income	16	1,632	2,351
Other operating expenses - net	17	(633)	(1,991)
Management expenses	15	<u>(368)</u>	<u>(691)</u>
		631	(331)
Transfer to revenue account		-	(12,000)
Profit / (loss) before taxation		<u>631</u>	<u>(12,331)</u>
Taxation	18	<u>(414)</u>	<u>1,026</u>
Net profit / (loss) for the financial year		<u>217</u>	<u>(11,305)</u>
Earnings / (loss) per share (sen)	19	<u>0.17</u>	<u>(10.09)</u>

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

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UNI.ASIA LIFE ASSURANCE BERHAD  
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LIFE INSURANCE REVENUE ACCOUNT  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2006

	<u>Note</u>	<u>2006</u> RM'000	<u>2005</u> RM'000
Gross premium		268,042	243,395
Reinsurance		(2,832)	(2,015)
Net premium		<u>265,210</u>	<u>241,380</u>
Gross benefits paid and payable			
Death		(6,317)	(4,170)
Maturity		(498)	(636)
Surrender		(18,707)	(8,340)
Cash bonus		(4)	1
Others		(7,370)	(5,697)
Reinsurances recoveries		1,020	809
		<u>(31,876)</u>	<u>(18,033)</u>
		233,334	223,347
Commission and agency expenses		(18,191)	(17,063)
Management expenses	15	(21,967)	(17,746)
		193,176	188,538
Investment income	16	30,413	20,344
Other operating income / (expenses) - net	17	3,051	(7,865)
Surplus before taxation		226,640	201,017
Taxation	18	(2,197)	(1,299)
Surplus after taxation		224,443	199,718
Surplus from Investment-linked funds	20	1,486	-
		225,929	199,718
Life policyholders' funds at beginning of financial year		574,104	362,386
		800,033	562,104
Transfer from income statement		-	12,000
Life policyholders' fund as at end of financial year		<u>800,033</u>	<u>574,104</u>

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

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UNI.ASIA LIFE ASSURANCE BERHAD  
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STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2006

	Number of shares	Issued and fully paid ordinary shares of RM1 each		Accumulated losses RM'000	Total RM'000
		Nominal value RM'000	Revaluation reserve RM'000		
Balance as at 1 April 2005	125,000	125,000	206	(29,030)	96,176
Net profit for the financial year	-	-	-	217	217
Balance as at 31 March 2006	<u>125,000</u>	<u>125,000</u>	<u>206</u>	<u>(28,813)</u>	<u>96,393</u>
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
Net gain not recognised in the income statements:					
- revaluation surplus arising during the financial year	-	-	217	-	217
- deferred tax liability on revaluation of properties	-	-	(11)	-	(11)
	-	-	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>

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

Company No.

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UNI.ASIA LIFE ASSURANCE BERHAD  
(Incorporated in Malaysia)

CASH FLOW STATEMENT  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2006

	<u>2006</u> RM'000	<u>2005</u> RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net profit/(loss) for the financial year	217	(11,305)
Adjustments for:		
Life fund surplus after taxation	225,929	199,718
Transfer from income statement to Life fund	-	12,000
Depreciation of property, plant and equipment	1,741	1,203
Profit on disposal of property, plant and equipment	(105)	(104)
Investment income	(34,109)	(22,695)
Profit on disposal of investments	(357)	(42)
(Write-back of)/allowance for diminution in value of investments	(1,549)	9,978
Increase in value of investments in Investment- linked funds	(1,561)	-
Taxation	2,922	273
Write-back of allowance for doubtful debts	(125)	(231)
	<hr/>	<hr/>
Operating profit before changes in operating assets and liabilities	193,003	188,795
Purchase of securities	(332,634)	(270,679)
Proceeds from disposal of securities	193,224	86,226
Increase in loans receivable	(1,607)	(385)
Increase in fixed and call deposits	(31,712)	(81,981)
Increase in receivables	(45)	(2,062)
Increase in provision for outstanding claims	2,727	1,171
(Decrease)/increase in payables	(51,007)	42,815
Interest income received	23,502	16,878
Dividend income received	6,368	3,005
Rental income received	313	168
	<hr/>	<hr/>
Cash generated from/(used in) operations	2,132	(16,049)
Income taxes paid	(2,942)	(2,479)
	<hr/>	<hr/>
Net cash used in operating activities	(810)	(18,528)
	<hr/>	<hr/>

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UNI.ASIA LIFE ASSURANCE BERHAD  
(Incorporated in Malaysia)

CASH FLOW STATEMENT  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2006 (CONTINUED)

	<u>Note</u>	<u>2006</u> RM'000	<u>2005</u> RM'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of investment properties		(7,481)	-
Purchase of property, plant and equipment		(3,298)	(1,264)
Proceeds from disposal of property, plant and equipment		121	104
Net cash used in investing activities		<u>(10,658)</u>	<u>(1,160)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from issuance of shares		-	25,000
Net cash generated from financing activities		<u>-</u>	<u>25,000</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL YEAR		(11,468)	5,312
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		<u>17,502</u>	<u>12,190</u>
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	7	<u><u>6,034</u></u>	<u><u>17,502</u></u>

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

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UNI.ASIA LIFE ASSURANCE BERHAD  
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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2006

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, except that the Company commenced underwriting investment-linked business on 1 April 2005.

The number of employees at the end of the financial year in the Company was 173 (2005: 155).

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

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

The 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 26 May 2006.

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 the valuation of investments in the Investment-linked business at market value, 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.

## UNI.ASIA LIFE ASSURANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2006 (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.

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.

On disposal of revalued assets, the amounts of any remaining revaluation surplus relating to those assets are transferred to retained earnings.

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.

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%

Where an indication of impairment exists, the carrying amount of the investment properties is assessed and written down immediately to its recoverable amount. See accounting policy Note 2(e) on impairment of asset.

## (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.

UNI.ASIA LIFE ASSURANCE BERHAD  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2006 (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 except that a surplus, to the extent that such surplus is related to and not greater than a deficit arising on revaluation previously recognised 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 as previously recorded as a credit to the asset revaluation reserve and which has not been subsequently reversed or utilised, it is charged directly to that account. 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.

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 Life fund, the amount of any remaining related revaluation surplus is taken to the revenue account within the Life fund.

Where an indication of impairment exist, the carrying value amount of investment properties is assessed and written down immediately to its recoverable amount. See accounting Note 2(e) on impairment of asset.

(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 except where there is an indication of impairment, the investment is written-down to its net realisable value. The amortisation of premiums and accretions of discounts are recognised in the income statement and revenue accounts.

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 and allowance for any diminution in value is made where, in the opinion of the Directors, there is a decline other than temporary in the value of such investments. Where there has been a decline other than temporary in the value of an investment, such a decline is recognised as an expense in the year in which the decline is identified.

Investments of the Investment-linked funds are valued at the market value at balance sheet date for quoted investments and at the price quoted by financial institutions at the balance sheet date for unquoted corporate debt securities. Any increase or decrease in value of those investments is taken into the Investment-linked funds' statement of income and expenditure.

UNI.ASIA LIFE ASSURANCE BERHAD  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2006 (CONTINUED)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Impairment of assets (continued)

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.

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.

UNI.ASIA LIFE ASSURANCE BERHAD  
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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2006 (CONTINUED)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Employee benefits (continued)

(ii) Defined contribution plans (continued)

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 financial year of the actuarial valuation.

Premium income

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.

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

Premium income of the Investment-linked funds are 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.

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.

UNI.ASIA LIFE ASSURANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2006 (CONTINUED)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Life insurance underwriting results (continued)

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.

(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.

Profit or losses arising on disposal of investments are credited or charged to the income statement and/or 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.

UNI.ASIA LIFE ASSURANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2006 (CONTINUED)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 shareholders.

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.

## UNI.ASIA LIFE ASSURANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2006 (CONTINUED)

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## (l) Financial instruments (continued)

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

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.

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

	<u>Freehold land and building</u> RM'000
<u>2006</u>	
<u>At valuation</u>	
At beginning / end of financial year	1,500
<u>Accumulated depreciation</u>	
At beginning of financial year	30
Depreciation charge for the financial year	30
At end of financial year	60

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UNI.ASIA LIFE ASSURANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2006 (CONTINUED)

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Shareholder's fund (continued)

	<u>Freehold land and building</u> RM'000
<u>At 31.03.2006</u>	
At valuation	1,500
Accumulated depreciation	(60)
Net book value	<u>1,440</u>
<u>At 31.03.2005</u>	
At valuation	1,500
Accumulated depreciation	(30)
Net book value	<u>1,470</u>
Depreciation charge for the financial year ended 31 March 2005	<u>30</u>

- (a) In 2004, the Directors performed a valuation on the freehold land and building in accordance with the Company's accounting policy to revalue properties once every three years or earlier. The valuation was carried out by an independent firm of professional valuers.

The Directors adopted this revaluation in last financial year as the approval from Bank Negara Malaysia in the valuation was only obtained in 2005.

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>

- (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 RM1,476,000 (2005: RM1,512,000).

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UNI.ASIA LIFE ASSURANCE BERHAD  
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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2006 (CONTINUED)

3 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Life fund

	<u>Motor vehicles</u> RM'000	<u>Furniture, fixtures fittings and office equipment</u> RM'000	<u>Total</u> RM'000
<u>At cost</u>			
At beginning of financial year	1,202	9,175	10,377
Additions	279	3,019	3,298
Disposals and write off	(300)	(90)	(390)
At end of financial year	<u>1,181</u>	<u>12,104</u>	<u>13,285</u>
<u>Accumulated depreciation</u>			
At beginning of financial year	734	6,747	7,481
Depreciation charge for the financial year	200	1,511	1,711
Disposals and write off	(299)	(75)	(374)
At end of financial year	<u>635</u>	<u>8,183</u>	<u>8,818</u>
<u>Net book value</u>			
As at 31.03.2006	<u>546</u>	<u>3,921</u>	<u>4,467</u>
As at 31.03.2005	<u>468</u>	<u>2,428</u>	<u>2,896</u>
Depreciation charge for the financial year ended 31 March 2005	<u>163</u>	<u>1,010</u>	<u>1,773</u>

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UNI.ASIA LIFE ASSURANCE BERHAD  
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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2006 (CONTINUED)

4 INVESTMENTS

Shareholder's fund

	<u>2006</u>		<u>2005</u>	
	<u>Carrying value</u>	<u>Market value</u>	<u>Carrying value</u>	<u>Market value</u>
	RM'000	RM'000	RM'000	RM'000
Quoted securities:				
Quoted in Malaysia:				
Shares/warrants, at cost	19,874		23,425	
Allowance for diminution in value	(2,098)		(2,436)	
	<u>17,776</u>	<u>17,776</u>	<u>20,989</u>	<u>20,989</u>
Real Estate Investment Trust, at cost	<u>501</u>	<u>519</u>	<u>-</u>	<u>-</u>
Unquoted securities:				
Corporate debt securities, at cost	9,827		9,827	
Accretion of discounts net of amortisation of premiums	246		63	
	<u>10,073</u>		<u>9,890</u>	
Fixed and call deposits with:				
Licensed banks	<u>10,120</u>		<u>7,118</u>	
Total investments	<u><u>38,470</u></u>		<u><u>37,997</u></u>	

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UNI.ASIA LIFE ASSURANCE BERHAD  
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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2006 (CONTINUED)

4 INVESTMENTS (CONTINUED)

Life fund

	<u>2006</u>	<u>2005</u>		
	Carrying value RM'000	Market value RM'000	Carrying value RM'000	Market value RM'000
Investment properties:				
Freehold land and building				
-at valuation	8,500		8,500	
Leasehold land and buildings				
-at valuation	9,400		9,400	
-at cost	7,481		-	
	<u>25,381</u>		<u>17,900</u>	
Malaysian Government Securities, at cost	62,498		54,665	
Amortisation of premiums net of accretion of discounts	(497)		(335)	
	<u>62,001</u>	<u>63,161</u>	<u>54,330</u>	<u>53,867</u>
Quoted securities:				
Quoted in Malaysia:				
Shares/warrants, at cost	91,011		98,961	
Allowance for diminution in value	(6,418)		(8,882)	
	<u>84,593</u>	<u>84,593</u>	<u>90,079</u>	<u>90,079</u>
Real Estate Investment Trust, at cost	<u>1,305</u>	<u>1,385</u>	<u>-</u>	<u>-</u>
Unquoted securities:				
Corporate debt securities, at cost	262,672		190,821	
Accretion of discounts net of amortisation of premiums	4,041		1,844	
Allowance for diminution in value	(1,253)		-	
	<u>265,460</u>		<u>192,665</u>	
Shares, at costs	2,160		2,160	
Allowance for diminution in value	(33)		(33)	
	<u>2,127</u>		<u>2,127</u>	

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UNI.ASIA LIFE ASSURANCE BERHAD  
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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2006 (CONTINUED)

4 INVESTMENTS (CONTINUED)

Life fund (continued)

	<u>2006</u>		<u>2005</u>	
	<u>Carrying</u>	<u>Market</u>	<u>Carrying</u>	<u>Market</u>
	<u>value</u>	<u>value</u>	<u>Value</u>	<u>value</u>
	RM'000	RM'000	RM'000	RM'000
Fixed and call deposits with:				
Licensed banks	242,571		278,184	
Licensed finance companies	-		8,100	
Other licensed financial institutions	33,430		15,114	
	<u>276,001</u>		<u>301,398</u>	
Total investments	<u>716,868</u>		<u>658,499</u>	

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

	<u>Shareholder's fund</u>		<u>Life fund</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
	RM'000	RM'000	RM'000	RM'000
Maturing within 12 months	10,120	7,118	266,125	285,639
Maturing after 12 months	10,073	9,890	337,337	262,754
	<u>20,193</u>	<u>17,008</u>	<u>603,462</u>	<u>548,393</u>

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 in 2004:

<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 an approval was obtained in 2005.

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4 INVESTMENTS (CONTINUED)

Investment-linked fund

	<u>2006</u> Carrying value RM'000	<u>2005</u> Carrying value RM'000
Quoted securities:		
Quoted in Malaysia:		
Shares/warrants, at cost	28,016	-
Unrealised gain	1,300	-
	<u>29,316</u>	<u>-</u>
Quoted outside Malaysia:		
Shares/warrants, at cost	5,722	-
Unrealised gain	280	-
	<u>6,002</u>	<u>-</u>
Unquoted securities:		
Corporate debt securities, at cost	19,758	-
Unrealised loss	(19)	-
	<u>19,739</u>	<u>-</u>
Fixed and call deposits with:		
Licensed banks	45,490	-
Other licensed financial institutions	8,617	-
	<u>54,107</u>	<u>-</u>
Total investments	<u>109,164</u>	<u>-</u>

The maturity structure of corporate debt securities and fixed and call deposits held as at the balance sheet date are as follows:

	<u>Investment-linked fund</u>	
	<u>2006</u> RM'000	<u>2005</u> RM'000
Maturing within 12 months	26,047	-
Maturing after 12 months	47,799	-
	<u>73,846</u>	<u>-</u>

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4 INVESTMENTS (CONTINUED)

As at balance sheet date, the following investments of Shareholder's fund totalling RM10,000,000 were assigned by the Company to the Life fund to meet the solvency margin requirement of the Life fund:

	<u>2006</u> RM'000
Corporate debt securities	8,038
Fixed and call deposits	1,962
	<hr/>
	<u>10,000</u>

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5 LOANS RECEIVABLE

	<u>Life fund</u>	
	<u>2006</u>	<u>2005</u>
	RM'000	RM'000
Policy loans	15,274	13,769
Staff loans		
- secured	337	235
- unsecured	3	3
	<u>15,614</u>	<u>14,007</u>
Receivable within 12 months	99	44
Receivable after 12 months	15,515	13,963
	<u>15,614</u>	<u>14,007</u>

6 RECEIVABLES

	<u>Shareholder's fund</u>		<u>Life fund</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
	RM'000	RM'000	RM'000	RM'000
Outstanding premiums including agents and brokers balances	-	-	2,341	2,152
Allowance for doubtful debts	-	-	(109)	(233)
	<u>-</u>	<u>-</u>	<u>2,232</u>	<u>1,919</u>
Amounts due from reinsurers	-	-	251	73
	<u>-</u>	<u>-</u>	<u>251</u>	<u>73</u>

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6	RECEIVABLES (CONTINUED)	<u>Shareholder's fund</u>		<u>Life fund</u>	
		<u>2006</u> RM'000	<u>2005</u> RM'000	<u>2006</u> RM'000	<u>2005</u> RM'000
	Income due and accrued	117	209	8,713	7,035
	Allowance for doubtful debts	-	-	(133)	(134)
		<u>117</u>	<u>209</u>	<u>8,580</u>	<u>6,901</u>
	Other receivables, deposits and prepayment	44	77	1,240	3,305
	Outstanding proceeds from disposal of investments	-	-	16,050	-
	Amount due from Investment-linked funds (Note 20)	-	-	1,418	-
	Amount due from Life fund (Note 9)	50,000	50,000	-	-
		<u>50,044</u>	<u>50,077</u>	<u>18,708</u>	<u>3,305</u>
		<u>50,161</u>	<u>50,286</u>	<u>29,771</u>	<u>12,198</u>
7	CASH AND CASH EQUIVALENTS			<u>2006</u> RM'000	<u>2005</u> RM'000
	Cash and bank balances:				
	Shareholder's fund			300	588
	Life fund			3,888	16,914
	Investment-linked fund			1,846	-
				<u>6,034</u>	<u>17,502</u>
8	PROVISION FOR OUTSTANDING CLAIMS			<u>Life fund</u>	
				<u>2006</u> RM'000	<u>2005</u> RM'000
	Provision for outstanding claims			9,146	5,951
	Less: Recoverable from reinsurers			(1,188)	(720)
	Net outstanding claims			<u>7,958</u>	<u>5,231</u>

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9 PAYABLES

	<u>Shareholder's fund</u>		<u>Life fund</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
	RM'000	RM'000	RM'000	RM'000
Amounts due to reinsurers	-	-	1,336	1,616
Amounts due to agents/brokers and insureds	-	-	6,638	55,459
Other payables and accruals	258	268	5,459	8,781
Amount due to Shareholder's fund (Note 6)	-	-	50,000	50,000
	<u>258</u>	<u>268</u>	<u>63,433</u>	<u>115,856</u>

Included in amount due to agents/brokers and insured for 2005 was RM28.6 million which represents premiums in respect of the Company's new investment-linked business which were utilised on 1 April 2005.

10 DEFERRED TAX

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 authority. The following amounts, determined after appropriate offsetting, are shown in the balance sheet:

<u>Shareholder's fund</u>	<u>2006</u>	<u>2005</u>
	RM'000	RM'000
Deferred tax assets		
- subject to income tax	6,044	6,588
Deferred tax liabilities		
- subject to capital gain tax	(11)	(11)
	<u>6,033</u>	<u>6,577</u>
At beginning of financial year	6,577	5,562
(Charged)/credited to income statement (Note 18):		
- investments	(145)	575
- tax losses	(399)	451
	(544)	1,026
Charged to equity	-	(11)
At end of financial year	<u>6,033</u>	<u>6,577</u>
Subject to income tax:		
Deferred tax assets (before and after offsetting)		
- investments	519	664
- tax losses	5,525	5,924
	<u>6,044</u>	<u>6,588</u>
Subject to capital gain tax:		
Deferred tax liability (before and after offsetting)		
- property, plant and equipment	(11)	(11)

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10	DEFERRED TAX (CONTINUED)		
		<u>2006</u>	<u>2005</u>
		RM'000	RM'000
	<u>Life fund</u>		
	Deferred tax liability		
	- subject to income tax	928	928
		<u>          </u>	<u>          </u>
	Subject to income tax:		
	Deferred tax liability (before and after offsetting)		
	- revaluation surplus	928	928
		<u>          </u>	<u>          </u>
	The amount of deductible temporary differences for which no deferred tax assets have been recognised in the balance sheet is as follows:		
			<u>Life fund</u>
		<u>2006</u>	<u>2005</u>
		RM'000	RM'000
	Deductible temporary differences	2,603	5,817
		<u>          </u>	<u>          </u>
	<u>Investment-linked funds</u>		
		<u>2006</u>	<u>2005</u>
		RM'000	RM'000
	Deferred tax liabilities		
	- subject to income tax	(125)	-
		<u>          </u>	<u>          </u>
	Charged to statement of income and expenditure (Note 20):		
	- investment	(125)	-
		<u>          </u>	<u>          </u>
	Subject to income tax:		
	Deferred tax assets (before and after offsetting)		
	- investments	(125)	-
		<u>          </u>	<u>          </u>
11	REVALUATION RESERVE		
	At beginning / end of financial year	8,752	8,752
		<u>          </u>	<u>          </u>

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.

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12 LIFE POLICYHOLDERS' FUND

Based on the actuarial valuation of the Life fund made up to 31 March 2006, the Actuary was satisfied that the assets available in the Life fund are sufficient to meet its long term liabilities to policyholders.

	<u>2006</u> RM'000	<u>2005</u> RM'000
<u>Actuarial liabilities</u>		
At beginning of financial year	567,498	349,242
Add: Increase in policy reserves	204,154	205,895
Bonus allocated to participating policyholders, including interim bonus from normal surplus	19,177	12,473
Less: Interim bonus	(89)	(112)
At end of financial year	<u>790,740</u>	<u>567,498</u>
<u>Unallocated surplus</u>		
At beginning of financial year	15,358	21,896
Add: Surplus/(deficit) arising during the financial year	21,864	(6,065)
Transfer from Shareholder's fund	-	12,000
Less: Bonus allocated to policyholders, including interim bonus from normal surplus	(19,177)	(12,473)
At end of financial year	<u>18,045</u>	<u>15,358</u>
Life policyholders' fund at end of financial year:		
Actuarial liabilities	790,740	567,498
Unallocated surplus	18,045	15,358
	<u>808,785</u>	<u>582,856</u>

The amount transferred from the income statement as at the balance sheet date is Nil (2005: RM12,000,000).

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 (2005: RM8,752,000) (Note 11).

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13 SHARE CAPITAL

	<u>Shareholder's fund</u>	
	<u>2006</u>	<u>2005</u>
	RM'000	RM'000
Authorised ordinary shares of RM1 each		
At beginning of financial year	125,000	100,000
Created during the financial year	-	25,000
	<u>125,000</u>	<u>125,000</u>
At end of financial year	<u>125,000</u>	<u>125,000</u>

14 OPERATING REVENUE

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

	<u>2006</u>	<u>2005</u>
	RM'000	RM'000
Gross premium	268,042	243,395
Investment income:		
- Shareholder's fund (Note 16)	1,632	2,351
- Life fund (Note 16)	30,413	20,344
- Investment-linked funds (Note 20)	2,064	-
	<u>302,151</u>	<u>266,090</u>

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15 MANAGEMENT EXPENSES

	Shareholder's fund		Life fund	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Staff salaries and bonus	-	-	10,203	8,831
Defined contribution plans	-	-	1,147	1,183
Others	-	26	613	571
<b>Staff costs</b>	<b>-</b>	<b>26</b>	<b>11,963</b>	<b>10,585</b>
Non-executive Directors' remuneration				
- current financial year	243	254	-	-
- underaccrual in prior financial year	-	172	-	-
	<b>243</b>	<b>426</b>	<b>-</b>	<b>-</b>
Auditors' remuneration	-	-	50	44
Rental of offices paid to third parties	-	-	308	288
Depreciation of property, plant and equipment	30	30	1,711	1,173
Training expenses	-	-	1,021	954
Printing and stationery	-	-	542	384
Postage, telephone, telax and telefax	-	-	638	493
EDP expenses	-	-	767	773
Writeback of doubtful debts	-	-	(125)	(231)
Other expenses	95	209	5,092	3,283
	<b>368</b>	<b>691</b>	<b>21,967</b>	<b>17,746</b>

Included in staff costs of the Life fund is RM82,000 (2005: RM87,000) 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 RM354,000 (2005: RM424,000).

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 (resigned on 6 March 2006)	Non-Independent director
Chan Kok Seong (appointed on 11 May 2006)	Non-Independent director
Yeong Chee Wah	Independent director
Lee Siang Korn @ Lee Siang Chin	Independent director

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16 INVESTMENT INCOME

	Shareholder's fund		Life fund	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Interest from:				
- Malaysian Government Securities	-	106	2,508	1,141
- policy loans	-	-	1,582	1,695
- fixed and call deposits	249	824	7,030	6,025
- corporate debt securities	375	678	12,179	7,590
- staff loans	-	-	4	23
Accretion of discounts net of amortisation of premiums	183	44	1,804	1,163
Gross dividends:				
- quoted shares in Malaysia	708	584	5,116	2,671
Rental income - net	117	115	190	36
	<u>1,632</u>	<u>2,351</u>	<u>30,413</u>	<u>20,344</u>

17 OTHER OPERATING INCOME/(EXPENSES)- NET

	Shareholder's fund		Life fund	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
(Loss)/gain on disposal of investments	(971)	181	882	(139)
Writeback of / (allowance for) diminution in value of investments	338	(2,172)	1,211	(7,806)
Profit on disposal of property, plant and equipment	-	-	105	104
Realised exchange losses	-	-	(3)	(12)
Other income/(expenses)	-	-	63	(12)
Investment-linked fund management fee	-	-	793	-
Other operating income/ (expenses) - net	<u>(633)</u>	<u>(1,991)</u>	<u>3,051</u>	<u>(7,865)</u>

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18	TAXATION	<u>Shareholder's fund</u>		<u>Life fund</u>	
		<u>2006</u> RM'000	<u>2005</u> RM'000	<u>2006</u> RM'000	<u>2005</u> RM'000
	Current tax	(130)	-	2,197	1,299
	Deferred tax (Note 10)	544	(1,026)	-	-
		<u>414</u>	<u>(1,026)</u>	<u>2,197</u>	<u>1,299</u>
	<u>Current tax</u>				
	Current year	86	-	2,210	1,399
	Overprovision in prior years	(216)	-	(13)	(100)
	<u>Deferred tax</u>				
	Origination and reversal of temporary differences	544	(1,026)	-	-
		<u>414</u>	<u>(1,026)</u>	<u>2,197</u>	<u>1,299</u>

The explanation of the relationship between taxation and profit before taxation is as follows:

	<u>2006</u> RM'000	<u>2005</u> RM'000
Profit/(loss) before taxation	631	(12,331)
Taxation calculated at the Malaysian tax rate of 28% (2005:28%)	177	(3,453)
Tax effect of		
- expenses not deductible for tax purposes	141	2,427
- overprovision of prior year tax	(216)	-
- temporary differences not recognised in prior financial years	312	-
	<u>414</u>	<u>(1,026)</u>

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19 EARNINGS/(LOSS) PER SHARE

The earnings/(loss) per ordinary share has been calculated based on the net profit/(loss) for the financial year and the weighted average number of ordinary shares in issue during the financial year of RM125 million (2005: RM112 million).

20 INVESTMENT-LINKED FUND

	<u>2006</u> RM'000	<u>2005</u> RM'000
<u>BALANCE SHEET</u>		
ASSETS		
Investments (Note 4)	109,164	-
Interest income due and accrued	427	-
Receivables	285	-
Tax recoverable	44	-
Cash and cash equivalents (Note 7)	1,846	-
	<u>111,766</u>	<u>-</u>
LIABILITIES		
Amount due to Life fund (Note 6)	1,418	-
Payables	8	-
Current tax payable	55	-
Deferred tax liabilities (Note 10)	125	-
	<u>1,606</u>	<u>-</u>
NET ASSET VALUE OF FUNDS	<u>110,160</u>	<u>-</u>
REPRESENTED BY:		
UNITHOLDERS' ACCOUNT		
Creation of units	117,333	-
Cancellation of units	(8,659)	-
Net surplus for the financial year after taxation	1,486	-
At end of the financial year	<u>110,160</u>	<u>-</u>

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20 INVESTMENT-LINKED FUND (CONTINUED)

STATEMENT OF INCOME AND EXPENDITURE

	<u>2006</u> RM'000	<u>2005</u> RM'000
Investment income	2,064	-
Other operating income -net	560	-
Management expenses	(827)	-
	<hr/>	<hr/>
Surplus for the financial year before taxation	1,797	-
Taxation:		
- current tax	(186)	-
- deferred tax (Note10)	(125)	-
	<hr/>	<hr/>
Net surplus for the financial year after taxation	<u>1,486</u>	<u>-</u>

21 CASH FLOW SEGMENT INFORMATION

	<u>Shareholder's</u> <u>fund</u> RM'000	<u>Life fund</u> RM'000	<u>Investment</u> <u>linked-fund</u> RM'000	<u>Total</u> RM'000
<u>2006</u>				
Cash (outflows)/inflows from:				
Operating activities	(288)	(2,368)	1,846	(810)
Investing activities	-	(10,658)	-	(10,658)
	<hr/>	<hr/>	<hr/>	<hr/>
	(288)	(13,026)	1,846	(11,468)
Net (decrease)/increase in cash and cash equivalents:	(288)	(13,026)	1,846	(11,468)
Cash and cash equivalents:				
At beginning of the financial year	588	16,914	-	17,502
	<hr/>	<hr/>	<hr/>	<hr/>
At end of the financial year	<u>300</u>	<u>3,888</u>	<u>1,846</u>	<u>6,034</u>
<u>2005</u>				
Cash (outflows)/inflows from:				
Operating activities	(25,080)	6,552	-	(18,528)
Investing activities	-	(1,160)	-	(1,160)
Financing activities	25,000	-	-	25,000
	<hr/>	<hr/>	<hr/>	<hr/>
	(80)	5,392	-	5,312
Net (decrease)/increase in cash and cash equivalents:	(80)	5,392	-	5,312
Cash and cash equivalents:				
At beginning of the financial year	668	11,522	-	12,190
	<hr/>	<hr/>	<hr/>	<hr/>
At end of the financial year	<u>588</u>	<u>16,914</u>	<u>-</u>	<u>17,502</u>

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22	CAPITAL COMMITMENTS	<u>2006</u>	<u>2005</u>
		RM'000	RM'000
	Capital commitments for property, plant and equipment approved by Directors but not provided for in the financial statements		
	Contracted for	<u>228</u>	<u>420</u>

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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>	
Airport Coach Sdn Bhd	Associate of DRB-HICOM
<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
Automotive Corporation(M) Sdn Bhd	Subsidiary of DRB-HICOM
Horsedale Development Berhad	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
Gemilang Komposit Auto Sdn Bhd	Subsidiary of DRB-HICOM
HICOM Communications Sdn Bhd	Subsidiary of DRB-HICOM
HICOM Diecastings Sdn Bhd	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
Malaysian Trucks & Bus Sdn Bhd	Subsidiary of DRB-HICOM
Mega Komposit Auto Sdn Bhd	Subsidiary of DRB-HICOM
Motosikal dan Enjin Nasional Sdn Bhd	Subsidiary of DRB-HICOM
Pusat Pemeriksaan Kenderaan Berkomputer Sdn Bhd	Subsidiary of DRB-HICOM
United Straits Fuso Sdn Bhd	Subsidiary of DRB-HICOM

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2006 (CONTINUED)

23 RELATED PARTY DISCLOSURES (CONTINUED)

(a) Related parties and relationship (continued)

	<u>Relationship</u>
<u>Other related parties</u>	
United Overseas Bank (M) Bhd	Substantial shareholder of holding company
Master Carriage Group of Companies	Related by common director

(b) Related party balances

	<u>2006</u> RM'000	<u>2005</u> RM'000
Amounts due from related parties included in receivables (Note 6) are as follows:		
- Outstanding premiums due from DRB-HICOM	-	5
- Outstanding premiums due from affiliated companies	1	1
- Outstanding premiums due from related companies	413	182
- Outstanding premiums due from other related parties	81	311
	<u>          </u>	<u>          </u>
Amount due to related parties included in payables (Note 9) is as follows:		
- Outstanding premiums due to related companies	(41)	-
- Outstanding premiums due to other related parties	(331)	-
	<u>          </u>	<u>          </u>
Fixed and call deposits included in investments (Note 4) placed with:		
- Affiliated companies	-	32,823
- Other related parties	93,620	125,961
	<u>          </u>	<u>          </u>
Bank balances included in cash and cash equivalents (Note 7) placed with:-		
- Affiliated companies	-	2,981
- Other related company	1,940	44
	<u>          </u>	<u>          </u>

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2006 (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>2006</u> RM'000	<u>2005</u> RM'000
i) Gross premium received/receivable from:		
- Related companies	1,047	759
- Other related parties	319	284
	<u>          </u>	<u>          </u>
ii) Commission paid/payable to:		
- Other related parties	3,200	3,581
- Affiliated companies	-	509
	<u>          </u>	<u>          </u>
iii) Interest received/receivable from deposits:		
- Affiliated companies	-	1,200
- Other related parties	1,320	2,478
	<u>          </u>	<u>          </u>
iv) Purchase of securities		
- Other related parties	48,326	25,869
	<u>          </u>	<u>          </u>
v) Purchase of fixed assets		
- Affiliated companies	-	258
	<u>          </u>	<u>          </u>
vi) Sales of securities		
- Other related parties	10,574	-
	<u>          </u>	<u>          </u>
vii) Management fees paid		
- Other related parties	272	386
	<u>          </u>	<u>          </u>

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2006 (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.

	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		
<u>2006</u>						
Financial assets:						
Investments						
- Malaysian Government Securities	-	5,119	21,731	35,151	62,001	4.57
- Corporate debt securities	35,739	5,005	68,911	185,617	295,272	5.85
- Shares/warrants	139,814	-	-	-	139,814	N/A
- Real Estate Investment Trusts	1,806	-	-	-	1,806	N/A
- Fixed and call deposits	-	292,169	48,059	-	340,228	3.24
Loans receivable	-	-	-	15,614	15,614	8.00
Receivables	77,700	-	-	-	77,700	N/A
Cash and cash equivalents	6,034	-	-	-	6,034	-
	<u>261,093</u>	<u>302,293</u>	<u>138,701</u>	<u>236,382</u>	<u>938,469</u>	
Other financial assets*						
- Outstanding premiums including agents' and brokers' balances					2,232	
- Amount due from reinsurers					251	
					<u>940,952</u>	
Total financial assets					<u>38,420</u>	
Other assets						
Total assets per balance sheet					<u>979,372</u>	

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2006 (CONTINUED)

24 FINANCIAL INSTRUMENTS (CONTINUED)

(a) Exposure to interest rate risk (continued)

<u>2006</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>57,143</u>	<u>-</u>	<u>-</u>	<u>-</u>	57,143
Other financial liabilities*					
- Life policyholders' fund					808,785
- Provision for outstanding claims					7,958
- Amount due to reinsurers					1,336
- Amount due to agents/brokers/insureds					6,638
Total financial liabilities					<u>881,860</u>
Other liabilities					<u>1,119</u>
Total liabilities per balance sheet					<u>882,979</u>

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2006 (CONTINUED)

24 FINANCIAL INSTRUMENTS (CONTINUED)

(a) Exposure to interest rate risk (continued)

<u>2005</u>	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	-	2,236	16,924	35,170	54,330	4.79
- Corporate debt securities	25,122	-	58,021	119,412	202,555	4.41
- Shares/warrants	113,195	-	-	-	113,195	N/A
- Fixed and call deposits	-	290,516	18,000	-	308,516	2.80
Loans receivable	-	44	-	13,963	14,007	8.00
Receivables	59,733	-	-	-	59,733	N/A
Cash and cash equivalents	17,502	-	-	-	17,502	-
	<u>212,552</u>	<u>292,796</u>	<u>92,945</u>	<u>168,545</u>	<u>769,838</u>	
Other financial assets*						
- Outstanding premiums including agents' and brokers' balances					1,919	
- Amount due from reinsurers					73	
					<u>771,830</u>	
Total financial assets					<u>29,970</u>	
Other assets						
Total assets per balance sheet					<u>801,800</u>	

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2006 (CONTINUED)

24 FINANCIAL INSTRUMENTS (CONTINUED)

(a) Exposure to interest rate risk (continued)

<u>2005</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	<u>59,049</u>	<u>-</u>	<u>-</u>	<u>-</u>	59,049
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					<u>55,459</u>
Total financial liabilities					<u>704,211</u>
Other liabilities					<u>1,413</u>
Total liabilities per balance sheet					<u><u>705,624</u></u>

(\* 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 FRS 132 "Financial Instruments: Disclosure and Presentation").

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NOTES TO THE FINANCIAL STATEMENTS  
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24 FINANCIAL INSTRUMENTS (CONTINUED)

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

	<u>2006</u>	<u>2005</u>
AAA	78,805	34,567
AA	117,669	114,476
A	79,796	35,906
BB	5,013	-
Non-rated	13,989	17,606
	<u>295,272</u>	<u>202,555</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 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	-	-	62,001	63,161
- Corporate debt securities	10,073	10,298	265,460	270,414
	<u>10,073</u>	<u>10,298</u>	<u>327,461</u>	<u>333,575</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	-	-	54,330	53,867
- Corporate debt securities	9,890	9,737	192,665	197,089
	<u>9,890</u>	<u>9,737</u>	<u>246,995</u>	<u>250,956</u>

In 2005, the carrying amount of Malaysian Government Securities and corporate debt securities were not reduced to their estimated fair values as the Directors are of the opinion that these investments will be held for long term purpose.