

UNI.ASIA LIFE ASSURANCE BERHAD
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2007

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Company No.

277714

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UNI.ASIA LIFE ASSURANCE BERHAD
(Incorporated in Malaysia)

REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2007

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UNI.ASIA LIFE ASSURANCE BERHAD
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DIRECTORS' REPORT

The Directors have pleasure in submit their report together with the audited financial statements of the Company for the financial year ended 31 March 2007.

PRINCIPAL ACTIVITY

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

FINANCIAL RESULTS

	RM'000
Net profit for the financial year	<u>2,907</u>

DIVIDENDS

No dividend has been paid or declared by the Company since 31 March 2006. The Directors do not recommend any dividend for the financial year ended 31 March 2007.

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.

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.

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

CURRENT ASSETS (CONTINUED)

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.

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 except as disclosed in Note 2.4 to the financial statements.

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

UNI.ASIA LIFE ASSURANCE BERHAD

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DIRECTORS' REPORT (CONTINUED)

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.

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

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

UNI.ASIA LIFE ASSURANCE BERHAD

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DIRECTORS' REPORT (CONTINUED)

CORPORATE GOVERNANCE (CONTINUED)

(b) Key issues and aspects (Continued)

- iii. The Board is responsible for the Company's system of internal controls and risk management, and reviewing the effectiveness of these systems which are designed to 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

(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>
YAM Tan Sri Dato' Seri Syed Anwar Jamulullail (Chairman) (appointed on 11 July 2006)	Independent director
Lee Chin Yong (Deputy Chairman)	Non-Independent director
Kwok Chong See	Non-Independent director
Yeong Chee Wah	Independent director
Lee Siang Korn @ Lee Siang Chin	Independent director
Chan Kok Seong (appointed on 11 May 2006)	Non-Independent director
Dato' Dr. Mohd. Shahari bin Ahmad Jabar (appointed on 11 July 2006)	Independent director
Hasni bin Harun (appointed on 01 August 2006)	Non-Independent director
Dato' Maznah bte Abdul Jalil (resigned on 01 June 2006)	Non-Independent director
Dato' Mohammed Adnan Bin Datuk Shuaib (resigned on 11 July 2006)	Non-Independent director
Hashim bin Harun (resigned on 11 July 2006)	Non-Independent director

UNI.ASIA LIFE ASSURANCE BERHAD

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DIRECTORS' REPORT (CONTINUED)

CORPORATE GOVERNANCE (CONTINUED)

(d) Supply of information (Continued)

The Board meetings and attendance for the financial year ended 31 MARCH 2007 are as follows:

<u>Directors</u>	<u>Number of Board meeting</u>	
	<i>Held</i>	<i>Attended</i>
YAM Tan Sri Dato' Seri Syed Anwar Jamulullail (appointed on 11 July 2006)	6	5
Lee Chin Yong	6	6
Dato' Dr. Mohd Shahari bin Ahmad Jabar (appointed on 11 July 2006)	6	5
Kwok Chong See	6	5
Lee Siang Korn @ Lee Siang Chin	6	5
Yeong Chee Wah	6	6
Chan Kok Seong (appointed on 11 May 2006)	6	6
Hasni bin Harun (appointed on 01 August 2006)	6	4
Dato' Maznah bte Abdul Jalil (resigned on 01 June 2006)	6	1
Dato' Mohammed Adnan Bin Datuk Shuaib (resigned on 11 July 2006)	6	1
Hashim bin Harun (resigned on 11 July 2006)	6	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 succeeding year thereafter one-third of the Directors (being those who have been longest in office) shall retire or be re-elected.

(f) Directors' training

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

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

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year which have been made out in accordance with the MASB approved accounting standards in Malaysia for Entities Other Than Private Entities 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.

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DIRECTORS' REPORT (CONTINUED)

CORPORATE GOVERNANCE (CONTINUED)

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

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.

(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 Dato' Mohd. Shahari bin Ahmad Jabar (appointed 11 July 2006) and comprises two other Directors, namely YAM Tan Sri Dato' Seri Syed Anwar Jamulullail (appointed 11 July 2006) and Yeong Chee Wah.

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 Lee Siang Korn @ Lee Siang Chin. The other members are Lee Chin Yong, Kwok Chong See and Hasni bin Harun (appointed 01 August 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.

UNI.ASIA LIFE ASSURANCE BERHAD

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DIRECTORS' REPORT (CONTINUED)

CORPORATE GOVERNANCE (CONTINUED)

(k) Remuneration Committee (Continued)

It also agrees terms for their cessation of service/employment, approves changes in the Company's long term incentive plans, recommends to the Board those plans which require shareholder approval and oversees their 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 16 to the financial statements, meeting the minimum requirement of JPI: 32/2003.

(l) Nomination Committee

The Nomination Committee established in July 2003, is chaired by Lee Siang Korn @ Lee Siang Chin and consists of Lee Chin Yong, Kwok Chong See, Dato' Dr. Mohd. Shahari bin Ahmad Jabar (appointed on 11 July 2006) and Hasni bin Harun (appointed on 1 August 2006). 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 Yeong Chee Wah, and consist Lee Chin Yong, Chan Kok Seong and Hasni bin Harun (appointed 1 August 2006). 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 Lee Chin Yong and consist of Kwok Chong See, Chan Kok Seong, Hasni bin Harun (appointed on 1 August 2006) and the CEO, 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.

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UNI.ASIA LIFE ASSURANCE BERHAD

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DIRECTORS' REPORT (CONTINUED)

CORPORATE GOVERNANCE (CONTINUED)

(o) Investment Committee

The Committee is chaired by Lee Siang Korn @ Lee Siang Chin and consist of Lee Chin Yong, Chan Kok Seong, Hasni bin Harun (appointed on 1 August 2006). 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.

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:

	Number of ordinary shares of RM1.00 each			
	As at 01.04.2006	Acquired	Disposed	As at 31.03.2007
Direct interest: Chan Kok Seong	5,000	-	5,000	-

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 25 May 2007.

YAM TAN SRI DATO' SERI SYED ANWAR JAMALULLAIL
CHAIRMAN

LEE CHIN YONG
DIRECTOR

Kuala Lumpur, Wilayah Persekutuan

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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, YAM Tan Sri Dato' Seri Syed Anwar Jamulullail and Lee Chin Yong, two of the Directors, state that, in the opinion of the Directors, the financial statements set out on pages 12 to 66 are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 March 2007 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 for Entities Other Than Private Entities and the provisions of the Companies Act, 1965.

Signed on behalf of the Board of Directors in accordance with their resolution dated 25 May 2007.

YAM TAN SRI DATO' SERI SYED ANWAR JAMULLAIL
CHAIRMAN

LEE CHIN YONG
DIRECTOR

Kuala Lumpur, Wilayah Persekutuan

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 66 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 Kuala Lumpur, Wilayah Persekutuan in Malaysia on 25 May 2007, 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 12 to 65. 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 for Entities Other Than Private Entities 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 2007 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. 2059/06/08 (J))
Partner of the firm

Kuala Lumpur
25 May 2007

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UNI.ASIA LIFE ASSURANCE BERHAD
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BALANCE SHEET
AS AT 31 MARCH 2007

	<u>Note</u>	<u>2007</u> RM'000	<u>2006</u> RM'000
ASSETS			
Shareholder's fund assets			
Property, plant and equipment	3	1,800	1,440
Investments	6	41,913	38,470
Deferred tax assets	13	4,578	6,044
Receivables	9	50,786	50,161
Cash and cash equivalents	10	232	300
Tax recoverable		686	247
		<hr/>	<hr/>
Total Shareholder's fund assets		99,995	96,662
Total Life fund assets (page 13)		1,177,930	882,584
		<hr/>	<hr/>
TOTAL ASSETS		<u>1,277,925</u>	<u>979,246</u>
LIABILITIES			
Shareholder's fund liabilities			
Payables	12	294	258
Deferred tax liabilities	13	116	11
		<hr/>	<hr/>
Total Shareholder's fund liabilities		410	269
Total Life fund liabilities (page 13)		87,241	73,925
Total Life policyholders' fund	14	1,090,689	808,659
		<hr/>	<hr/>
		1,178,340	882,853
		<hr/>	<hr/>
SHAREHOLDER'S EQUITY			
Share capital	15	125,000	125,000
Accumulated losses		(25,906)	(28,813)
Revaluation Reserve		491	206
		<hr/>	<hr/>
		99,585	96,393
		<hr/>	<hr/>
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		<u>1,277,925</u>	<u>979,246</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 2007

	<u>Note</u>	<u>2007</u> RM'000	<u>2006</u> RM'000
ASSETS			
Property, plant and equipment	3	15,869	13,241
Intangible asset	4	288	-
Investment properties	5	8,200	16,481
Investments	6	826,699	691,487
Assets held for sale	7	9,000	-
Loans	8	16,390	15,614
Tax recoverable		-	336
Receivables	9	16,806	29,771
Cash and cash equivalents	10	9,297	3,888
Investment-linked fund assets	21	<u>275,381</u>	<u>111,766</u>
TOTAL LIFE FUND ASSETS		<u>1,177,930</u>	<u>882,584</u>
LIABILITIES			
Provision for outstanding claims	11	10,015	7,958
Payables	12	71,982	63,433
Current tax payable		2,368	-
Deferred tax liabilities	13	1,284	928
Investment-linked fund liabilities	21	<u>1,592</u>	<u>1,606</u>
Total Life fund liabilities		<u>87,241</u>	<u>73,925</u>
LIFE POLICYHOLDERS' FUND			
Life insurance revenue account		1,081,124	802,533
Revaluation reserve		<u>9,565</u>	<u>6,126</u>
Total life policyholders' fund	14	<u>1,090,689</u>	<u>808,659</u>
TOTAL LIFE FUND LIABILITIES AND LIFE POLICYHOLDERS' FUND		<u>1,177,930</u>	<u>882,584</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 2007

	<u>Note</u>	<u>2007</u> RM'000	<u>2006</u> RM'000
Operating revenue	16	<u>367,277</u>	<u>302,151</u>
Shareholder's fund:			
Investment income	18	1,637	1,632
Other operating income / (expenses) - net	19	3,155	(633)
Management expenses	17	<u>(419)</u>	<u>(368)</u>
		4,373	631
Transfer to revenue account		<u>-</u>	<u>-</u>
Profit before taxation		4,373	631
Taxation	20	<u>(1,466)</u>	<u>(414)</u>
Net profit for the financial year		<u>2,907</u>	<u>217</u>
Earnings per share (sen)	22	<u>2.33</u>	<u>0.17</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 2007

	<u>Note</u>	<u>2007</u> RM'000	<u>2006</u> RM'000
Gross premium		324,261	268,042
Reinsurance		<u>(5,474)</u>	<u>(2,832)</u>
Net premium		<u>318,787</u>	<u>265,210</u>
Gross benefits paid and payable			
Death		(8,395)	(6,317)
Maturity		(1,668)	(498)
Surrender		(59,983)	(18,707)
Cash bonus		-	(4)
Others		(7,488)	(7,370)
Reinsurances recoveries		<u>1,937</u>	<u>1,020</u>
		<u>(75,597)</u>	<u>(31,876)</u>
		243,190	233,334
Commission and agency expenses		(20,225)	(18,191)
Management expenses	17	<u>(24,117)</u>	<u>(22,030)</u>
		198,848	193,113
Investment income	18	37,344	30,413
Other operating income – net	19	<u>36,580</u>	<u>3,051</u>
Surplus before taxation		272,772	226,577
Taxation	20	<u>(5,092)</u>	<u>(2,197)</u>
Surplus after taxation		267,680	224,380
Surplus from Investment-linked funds	21	<u>10,911</u>	<u>1,486</u>
		278,591	225,866
Life policyholders' funds at beginning of financial year			
- as previously stated		<u>800,033</u>	<u>574,104</u>
- Effect of adoption of FRS 140		<u>2,500</u>	<u>2,563</u>
- as stated		<u>802,533</u>	<u>576,667</u>
Life policyholders' fund as at end of financial		<u>1,081,124</u>	<u>802,533</u>

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

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STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2007

	Issued and fully paid ordinary shares of RM1 each		Revaluation Reserve RM'000	Accumulated losses RM'000	Total RM'000
	Number of shares	Nominal value RM'000			
As at 1 April 2006	125,000	125,000	206	(28,813)	96,393
Net gain not recognised in income statements:					
- revaluation surplus of property, plant & equipment	-	-	390	-	390
- deferred tax liabilities on revaluation surplus	-	-	(105)	-	(105)
	-	-	285	-	285
Net profit for the financial year	-	-	-	2,907	2,907
As at 31 March 2007	125,000	125,000	491	(25,906)	99,585
As at 1 April 2005	125,000	125,000	206	(29,030)	96,176
Net profit for the financial year	-	-	-	217	217
As at 31 March 2006	125,000	125,000	206	(28,813)	96,393

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

UNI.ASIA LIFE ASSURANCE BERHAD
(Incorporated in Malaysia)

CASH FLOW STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2007

	2007	2006
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit/(loss) for the financial year	2,907	217
Adjustments for:		
Life fund surplus after taxation	278,591	225,866
Fair value gain on property	(719)	-
Depreciation of property, plant and equipment	1,705	1,804
Amortisation of intangible assets	72	-
Profit on disposal of property, plant and equipment	(55)	(105)
Accretion of discount net of amortisation of premium	(2,951)	-
Investment income	(40,065)	(34,109)
Profit on disposal of investments	(33,886)	(357)
Write-back of allowance for diminution in value of investments	(7,409)	(1,549)
Increase in value of investments in investment-linked funds	(5,113)	(1,561)
Provision for doubtful debts	55	-
Write-back of allowance for doubtful debts	-	(125)
Taxation	7,434	2,922
Operating profit before changes in operating assets and liabilities	200,566	193,003
Purchase of securities	(594,002)	(332,634)
Proceeds from disposal of securities	374,346	193,224
Increase in loans receivable	(776)	(1,607)
Increase in fixed and call deposits	(33,350)	(31,712)
(Increase)/decrease in receivables	12,016	(45)
increase in provision for outstanding claims	2,057	2,727
Increase/(decrease) in payables	8,590	(51,007)
Interest income received	30,810	23,502
Dividend income received	7,055	6,368
Rental income received	381	313
Cash generated from operations	7,693	2,132
Income taxes paid	(3,089)	(2,942)
Net cash used in operating activities	4,604	(810)

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

Company No.

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

CASH FLOW STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2007 (CONTINUED)

	<u>Note</u>	<u>2007</u> RM'000	<u>2006</u> RM'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investment properties		-	(7,481)
Purchase of property, plant and equipment		(573)	(3,298)
Purchase of intangible asset		(360)	-
Proceeds from disposal of property, plant and equipment		<u>71</u>	<u>121</u>
Net cash used in investing activities		<u>(862)</u>	<u>(10,658)</u>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL YEAR			
		3,742	(11,468)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR			
		<u>6,034</u>	<u>17,502</u>
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR			
	10	<u><u>9,776</u></u>	<u><u>6,034</u></u>

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

Company No.

277714

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UNI.ASIA LIFE ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2007

1 PRINCIPAL ACTIVITY

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

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 25 May 2007.

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.

2.1 Basis of preparation

The financial statements have been prepared under the historical cost convention unless otherwise indicated in the accounting policies below and comply with the Financial Reporting Standards ("FRS"), the MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities, and the provisions of the Companies Act, 1965, the Insurance Act, 1996 and Guidelines, Circulars issued by Bank Negara Malaysia in all material aspects.

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

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimate are significant to the financial statements are disclosed in Note 2.3.

UNI.ASIA LIFE ASSURANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2007 (CONTINUED)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of preparation (continued)

Standards that are effective and relevant to the Company

The new accounting standards effective and relevant to the Company for the financial years beginning on or after 1 April 2006 are as follows:

FRS 5	Non-current Assets Held for Sale and Presentation of Discontinued Operations
FRS 101	Presentation of Financial Statements
FRS 108	Accounting Policies, Changes in Accounting Estimated and Errors
FRS 110	Events after the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effect of changes in Foreign Exchange Rate
FRS 132	Financial Statement: Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 140	Investment Property

IC 132 Intangible Assets – Web Site Costs

The adoption of the above FRS did not result in substantial changes to the Company's accounting policies except as disclosed in Note 2.4 to the financial statements.

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

The New accounting standards, amendments to published standards and IC interpretations to existing standards effective, but not relevant to the Company, for financial years beginning on or after 1 April 2006 are as follows:

FRS 1	First-time Adoption of Financial Reporting Standards
FRS 2	Share-based Payment
FRS 3	Business Combinations
FRS 102	Inventories
FRS 127	Consolidated and Separated Financial Statement
FRS 128	Investment in Associates
FRS 131	Interest in Joint Ventures

Amendment to FRS 119₂₀₀₄ Employee Benefit – Actuarial Gains and Losses, Group Plans and Disclosures – in relation to the “assets ceiling” test.

IC 107	Introduction to Euro
IC 110	Government Assistance – No specific relation to Operating Activities
IC 112	Consolidations – Special Purpose Entities
IC 113	Jointly Controlled Entities- Non-Monetary Contributions by Ventures
IC 115	Operating Leased- Incentives
IC 121	Income Taxes – Recovery of Revalued Non-Depreciable Assets
IC 125	Income Taxes – Changes in the Tax Status of an Entity or its Shareholders
IC 127	Evaluating the substance of Transactions Involving the Legal form of a Lease
IC 129	Disclosure – Service Concessions Arrangements
IC 131	Revenue – Barter Transactions Involving Advertising Services

UNI.ASIA LIFE ASSURANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2007 (CONTINUED)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

Standards and amendments to published standards that are not yet effective and have not been early adopted

The new standards and amendments to published standards that are mandatory for financial years beginning on or after 1 January 2007, but which the Company has not early adopted for the financial year ended 31 March 2007, are as follows:

FRS 117 – Leases (effective for accounting periods beginning on or after 1 October 2006). This standard requires the classification of leasehold land as prepaid lease payment. The Company will apply this standard from the financial year beginning on 1 April 2007.

FRS 124 – related Party Disclosures (effective for accounting periods beginning on or after 1 October 2006.) This standard will affect the identifications of related parties and some other related party disclosures. The Company will apply this standard from the financial year beginning on 1 April 2007.

Amendment to FRS 119₂₀₀₄ – Employee Benefits- Actuarial Gains and Losses, Group Plans and Disclosures (effective for accounting periods beginning on or after 1 January 2007). This amendment introduces the option of an alternative recognition approach for actuarial gains and losses. It may impose additional recognition requirement for multi-employer plans where insufficient information is available to apply defined benefit accounting. Its also add new disclosures requirements. The Company's does not have any multi-employer plans but will apply amendment. If applicable from the financial year beginning on 1 April 2007.

Standards that are approved and issued by MASB but the effective date yet to be determined

FRS 139 – Financial Instruments: Recognition and Measurement (effective date yet to be determined by MASB). This new standard establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. Hedge accounting is permitted only under strict circumstances. The Company will apply this standard when effective.

Standards that are not yet effective and not relevant for the Company's operations

FRS 6 – Exploration for and Evaluation of Mineral Resources (effective for accounting periods beginning on or after 1 January 2007). FRS 6 is not relevant to the Company's operations as the Company does not carry out exploration for and evaluation of mineral resources.

UNI.ASIA LIFE ASSURANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2007 (CONTINUED)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of Significant Accounting Policies

(a) Property, plant and equipment

Property, plant and equipment are initially stated at cost. Land and building are subsequently shown at fair value, based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation and impairment losses. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement and/or revenue account during the financial year in which they are incurred.

Surpluses arising on revaluation are credited to revaluation reserve. Any deficit arising from revaluation is charged against the revaluation reserve to the extent of a previous surplus held in the revaluation reserve for the same asset. In all other cases, a decrease in carrying amount is charged to income statement and/or revenue account.

Freehold land is not depreciated as it has an infinite life. Leasehold land is amortised in equal instalments over the period of the lease. Other property, plant and equipment, plant and equipment are depreciated on the straight line basis to write off the cost of the assets, or their revalued amounts, to their residual values over their estimated useful lives, summarised as follows:

Freehold building	50 - 70 years
Motor vehicles	7 years
Office equipment	4 years
Furniture, fixtures and fittings	5 years
Computer equipment	3 – 5 years

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

At each balance sheet date, the Company assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. See accounting policy Note 2(e) on impairment of assets.

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

UNI.ASIA LIFE ASSURANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2007 (CONTINUED)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Investment Properties

Investment properties, comprising principally land and office buildings, are held for long term rental yields or for capital appreciation or both, and are not occupied by the Company.

Investment properties are initially stated at cost and subsequently carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Company uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. The fair values of investment properties are reviewed annually, and a formal valuation by an independent professional valuer is carried out once in every three years or earlier if the carrying value of the investment properties differ materially from the fair values. Changes in fair values are recorded in the income statement and/or revenue account as part of other income.

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

(c) Investments

(a) Non – Investment linked business:

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/or 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.

UNI.ASIA LIFE ASSURANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2007 (CONTINUED)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Investments (continued)

(b) Investment – linked business:

Investments in quoted investments of the investment-linked business are marked to-market as at the date of the statement of assets and liabilities.

Investments in Malaysian Government Securities, other unquoted debt securities and fixed and call deposits of the investment-linked business are valued at cost adjusted for amortisation of premiums or accretion of discounts over their par values at the time of acquisition using the effective yield method. The carrying values of Malaysian Government Securities, other unquoted debt securities and fixed and call deposits are subsequently revalued to reflect their fair value by using indicative market prices quoted by financial institutions

Unit Trusts are stated at prices quoted by the respective management companies.

Structured investments are investments where substantial amount of the fund are invested in the fixed income instruments issued by financial institutions while the remaining of the fund are invested in instrument which linked to the performance of one or more equity market prices and indices that introduce significant risk that will affect the performance of these instruments, structured investments are carried at fair values, determined by reference to quotation provided by financial institutions.

Unrealised gains and losses of these investments are taken to the investment linked business's of statement of income and expenditure.

(d) Intangible assets – computer software

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

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

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

UNI.ASIA LIFE ASSURANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2007 (CONTINUED)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Impairment of Assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there is separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

The impairment loss is charged to the income statement and / or revenue account unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. Any subsequent increase in recoverable amount is recognised in the income statement and / or revenue account unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation surplus.

(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.

UNI.ASIA LIFE ASSURANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2007 (CONTINUED)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

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:

UNI.ASIA LIFE ASSURANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2007 (CONTINUED)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Life insurance underwriting results (continued)

- (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.

The benefits payable under investment-linked business are in respect of net cancellation of units and are recognised as surrender.

(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 tax laws of the jurisdiction in which the Company operates 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 2007 (CONTINUED)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Foreign currencies

The financial statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency.

Foreign currency transactions the Company are translated into the functional currency using the exchange rates prevailing at the transaction dates. Foreign currency monetary assets and liabilities are translated at exchange rates prevailing at the balance sheet date. Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in the income statement and/or revenue account.

(l) 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.

(m) Provisions

Provisions are recognised when the Company has present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

(n) 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.

UNI.ASIA LIFE ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2007 (CONTINUED)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Financial instruments (continued)

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.

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.

Currency risk

Currency risk is the risk that the value of investment hold by the company will fluctuate because of changes in foreign exchange rates. The risk arises from holding of unit trust and securities of corporations quoted outside Malaysia. The investment committees closely monitor the foreign exchange movement and investment strategies on foreign financial instruments to ensure proper matching of assets and liabilities of the company.

(ii) Fair values

A Financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. 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.

UNI.ASIA LIFE ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2007 (CONTINUED)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Financial instruments (continued)

(ii) Fair values (continued)

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.

(o) Assets held for sales

Non-current assets are classified as assets held for sale and stated at the lower of carrying amount and fair value less cost to sell if their carrying amount and recovered principally through a sale transaction rather than through a continuing use.

2.3 Critical Accounting Estimates and Judgements

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

Critical Accounting Estimates and Assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting will by definition rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have material impact to the Company's results and financial position are tested for sensitivity to changes in the underlying parameters. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

(i) Liabilities of insurance business

For life insurance contracts, estimates are made for future deaths, disabilities, voluntary terminations, investment returns and administration expenses. The principles on which the valuation of the actuarial liabilities was made were determined by Appointed Actuary having regard to Insurance Regulations, 1996. In case of life policies where the minimum valuation basis is specified under the Insurance Regulation, 1996, a reserve was set up such that it would not fall below the reserve determined on the minimum valuation basis. For other policies where the nature of benefit suggested that the minimum valuation basis was not applicable, a reserve was set up such that this reserve together with future premiums would be sufficient to meet the future policy liabilities.

The mortality table employed for life policies was the Statutory Valuation Mortality Table 1996 Ultimate Mortality Table. The rate of interest assumed was 4% per annum for regular premium policies, 4.5% for single premium

UNI.ASIA LIFE ASSURANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2007 (CONTINUED)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Critical Accounting Estimates and Judgements (continued)

(i) Liabilities of insurance business (continued)

For Investment-linked non-capital guaranteed policies, the non-unit reserves are determined from unearned portion of monthly cost of insurance and additional reserve as present value of future benefits and expenses reduced by present value of future charges. The mortality table employed is based on 100% of M83-88 (Malaysia 1983-1988) with interest rate at 4%.

For Investment-linked capital guaranteed policies, the non-unit reserve is based on net premium valuation method is equal the present value of the future sum at risk of 25% or 10%, depending on age, of Initial Single Premium and maintenance expense. The additional reserves required are calculated based on the difference between the Present Value of Benefits (which includes the explicit guarantees of principal and interests) and the sum of Unit Reserve and Non-Unit Reserve of the Fund. If Present Value of Benefits is lower than the sum of Unit Reserve and Non-Unit Reserve of the Fund, then no additional reserve is required.

The Present Value of Benefits is the greater of the following method:

1. Present Value of Benefits based on the explicit guarantees based on minimum valuation interest rate of 4.5%.
2. Present value of benefits based on the explicit guarantees based on stochastically generated future interest rates at 75% confidence level.

In the event that the regulators change the said assumptions, with all other things remaining equal, then a reduction in the interest assumption will increase the computed actuarial liabilities. Conversely, an increase (i.e. deterioration) in the mortality assumption would (for most type of plans) increase the computed actuarial liabilities. Due to the inherent risk of uncertainty in any estimate of those obligations, the future provisions for liabilities may vary significantly from the estimations.

As such reporting date, these estimates are reassessed for adequacy and changes will be reflected as adjustments to the liability. In addition to the expected outcome, solvency margins prescribed by regulations are included in these key estimates.

Critical Judgement in Applying the Entity's Accounting Policies

In determining and applying accounting policies, judgment is often required in respect of items where the choice of specific policy could materially affect the reported results and financial position of the Company. However the Director are of the opinion that there are currently no accounts policies which requires significant judgement to be exercised.

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FOR THE FINANCIAL YEAR ENDED 31 MARCH 2007 (CONTINUED)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Changes in accounting policies

The list of new accounting standards, amendment to published standards and interpretation on existing standards that are effective for the Company for the financial year beginning 1 April 2006 is set out in Note 2.1.

The key changes in accounting policies are as follows:

(a) FRS 116 Property, Plant and Equipment and FRS 140 Investment Property

The adoption of FRS 116 and FRS 140 has resulted in a change in the classification of properties held as investment properties or self-occupied properties and its impact.

- i. In accordance with paragraph 14(6) of the Insurance Regulations, 1996, all immovable properties of the Life Fund are classified as investment properties and are reported under the investment balances in the balance sheets of the Life Fund.

With the implementation of FRS 140, self-occupied properties under the Life Fund are now classified as property and equipment in accordance with FRS 116 and this change in accounting policy has been accounted for retrospectively.

- ii. In accordance with FRS 140, investment properties are now stated at air value, representing the open-market values determined by the directors on a yearly basis. Gains or losses arising from changes in the fair values of investment properties are recognised in the income statement or revenue account in the period in which they arise. The gain in fair value during the current financial year is RM719,000.00.

Prior to 1 April 2006, investment properties were stated at revaluation amounts and any surplus arising on revaluation was credited to the asset revaluation reserve.

In accordance with the transitional provision of FRS 140, these surpluses arising on revaluation are transferred to the life policyholders' fund as at 1 April 2006.

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FOR THE FINANCIAL YEAR ENDED 31 MARCH 2007 (CONTINUED)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Changes in accounting policies (continued)

- (a) The effects of the change in accounting policy upon adoption of FRS 116 and FRS 140 are as follows:

	<u>As Previously Stated</u>	<u>Effect of changes in accounting policies</u>		<u>As restated</u>
		<u>FRS 116</u>	<u>FRS 140</u>	
<u>At 31 March 2006/ 1 April 2006</u>	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment	4,467	(126)	8,900	13,241
Investment properties	25,381	-	(8,900)	16,481
Unallocated surplus	(18,045)	126		(17,919)
Revaluation surplus	(8,752)	(2,647)	5,273	(6,126)
Life insurance revenue account	(800,033)	2,773	(5,273)	(802,533)
<u>For financial year ended 31 March 2006</u>				
Management expenses	21,967	63	-	22,030
Surplus arising during the financial year	(21,864)	63	-	(21,801)

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FOR THE FINANCIAL YEAR ENDED 31 MARCH 2007

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Changes in accounting policies (continued)

(b) FRS 5: Non-Current Assets Held for Sale and Discontinued Operations

Following the adoption of this new FRS, non-current assets that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Non-current assets held for sale are stated at the lower of their carrying amount and fair value less costs to sell. This change in accounting policy is applied prospectively from 1 April 2006 and has resulted in a reclassification as follows:

	As at <u>31 March 2007</u> RM'000
<u>Life fund</u>	
Decrease in investment properties	(9000)
Increase in assets held for sale	<u>9,000</u>

(c) FRS 138 - Intangible Assets

The adoption of FRS 138 has resulted in a change in the accounting policy for computer software which is not an integral part of computer hardware, which was previously included in property, plant and equipment. In accordance with FRS 138, computer software which is not an integral part of computer hardware is classified as intangible assets.

The change in accounting policy has been applied prospectively in accordance with the transitional provisions of FRS 138.

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3 PROPERTY, PLANT AND EQUIPMENT

Shareholder's fund

	<u>Freehold land</u>	<u>Building</u>	<u>Total</u>
<u>As 31 March 2007</u>	RM'000	RM'000	RM'000
<u>At valuation</u>			
At beginning of financial year	1,000	500	1,500
Elimination of accumulated depreciation against valuation	-	(90)	(90)
Revaluation surplus	200	190	390
At end of financial year	<u>1,200</u>	<u>600</u>	<u>1,800</u>
<u>Accumulated depreciation</u>			
At beginning of financial year	-	(60)	(60)
Depreciation	-	(30)	(30)
Elimination of accumulated depreciation against valuation	-	90	90
At end of financial year	<u>-</u>	<u>-</u>	<u>-</u>
<u>As 31 March 2006</u>			
As valuation	1,000	500	1,500
Accumulated depreciation	-	(60)	(60)
At end of financial year	<u>1,000</u>	<u>440</u>	<u>1,440</u>

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NOTES TO THE FINANCIAL STATEMENTS
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3 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Life Fund

	Freehold land	Leasehold land	Building owner occupied Properties	Furniture Fittings & Office equipment	Motor Vehicles	Total
<u>Cost/valuation</u>	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 April 2006						
- As previously stated	-		-	12,104	1,181	13,285
- Effect of adopting FRS 140	4,350	215	4,335	-	-	8,900
- As restated	4,350	215	4,335	12,104	1,181	22,185
Additions	-		-	414	159	573
Disposals	-		-	(79)	(161)	(240)
Elimination of accumulated depreciation against cost / valuation		(6)	(183)			(189)
Revaluation surplus	3,500	56	183	-	-	3,739
At 31 March 2007	7,850	265	4,335	12,439	1,179	26,068

Accumulated depreciation

At 1 April 2006						
- As previously stated	-	-	-	8,183	635	8,818
- Effect of adopting FRS 116	-	4	122	-	-	126
	-	4	122	8,183	635	8,944
Depreciation charge	-	2	61	1,545	67	1,675
Disposal	-		-	(100)	(131)	(231)
Elimination of accumulated depreciation against cost / valuation	-	(6)	(183)	-	-	(189)
At 31 March 2007	-	-	-	9,628	571	10,199

Net book value

At 31 March 2007	7,850	265	4,335	2,811	608	15,869
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2007 (CONTINUED)

3 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Life Fund

	Freehold land	Leasehold land	Building owner occupied Properties	Furniture Fittings & Office equipment	Motor Vehicles	Total
<u>Cost/valuation</u>	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 April 2005						
- As previously stated	-	-	-	9,175	1,202	10,377
- Effect of adopting FRS 140	4,350	215	4,335	-	-	8,900
- As restated	4,350	215	4,335	9,175	1,202	19,277
Additions	-	-	-	3,019	279	3,298
Disposals	-	-	-	(90)	(300)	(390)
As 31 March 2006	4,350	215	4,335	12,104	1,181	22,185
<u>Accumulated depreciation</u>						
At 1 April 2005						
- As previously stated	-	-	-	6,747	734	7,481
- Effect of adopting FRS 116	-	2	61	-	-	63
- As restated	-	2	61	6,747	734	7,544
Depreciation charge	-	2	61	1,511	200	1,774
Disposals	-	-	-	(75)	(299)	(374)
At 31 March 2006	-	4	122	8,183	635	8,944
<u>Net book value</u>						
At 31 March 2006	4,350	211	4,213	3,921	546	13,241

- (a) In 2007, 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 land and building were revalued by Knight Frank, Registered Valuer (V-335), an independent professional valuer. The revaluation surplus and the tax effect there on were recognised in the financial statements as follows:

	Shareholders RM'000	Life Fund RM'000
Revaluation surplus	390	3,739
Deferred taxation	(105)	(300)
Net revaluation surplus taken to reserve	285	3,439

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FOR THE FINANCIAL YEAR ENDED 31 MARCH 2007 (CONTINUED)

3 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(b) Had the freehold land and building been carried at historical cost less accumulated depreciation, the carrying amount that would have been included in the financial statements at the end of the financial year is RM1,458,000 (2006: RM1,476,000) and RM2,035,125 (2006: RM 2,100,283) respectively for Shareholder's fund and Life fund.

4 INTANGIBLE ASSETS

	<u>Life Fund</u> <u>2007</u> RM'000
<u>Financial year ended</u> <u>31 March 2007</u>	
Additions at cost	360
Amortisation charge	(72)
Net book value at 31 March 2007	<u>288</u>
<u>At 31 March 2007</u>	
Cost	360
Accumulated amortisation charge	(72)
Net book value	<u>288</u>

5 INVESTMENT PROPERTIES

Life fund

	<u>2007</u> RM'000	<u>2006</u> RM'000
<u>At 1 April</u>		
- as previously stated	25,381	25,381
- Effect of adopting FRS 140	(8,900)	(8,900)
- as restated	16,481	16,481
Reclassification to Assets held for sale (Note 7)	(9,000)	-
Fair value gains – net (Note 19)	719	-
At 31 March	<u>8,200</u>	<u>16,481</u>
Comprising of:		
- Leasehold buildings	<u>8,200</u>	<u>16,481</u>
	<u>8,200</u>	<u>16,481</u>

The fair value of the investment property was estimated at RM8,200,000 based on a valuation by an independent professional valuer in 2007. The valuation was based on current prices in an active market.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2007 (CONTINUED)

6 INVESTMENTS

Shareholder's fund

	2007		2006	
	Carrying value RM'000	Fair value RM'000	Carrying value RM'000	Fair value RM'000
Quoted securities:				
Quoted in Malaysia:				
Shares/warrants, at cost	5,570		19,874	
Allowance for diminution in value	-		(2,098)	
	<u>5,570</u>	<u>6,851</u>	<u>17,776</u>	<u>17,776</u>
Real Estate Investment Trust, at cost	<u>768</u>	<u>825</u>	<u>501</u>	<u>519</u>
Unquoted securities:				
Corporate debt securities, at cost	9,827		9,827	
Accretion of discounts net of amortisation of premiums	<u>439</u>		<u>246</u>	
	<u>10,266</u>		<u>10,073</u>	
Fixed and call deposits with: Licensed banks	<u>25,309</u>		<u>10,120</u>	
Total investments	<u>41,913</u>		<u>38,470</u>	

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2007 (CONTINUED)

6 INVESTMENTS (CONTINUED)

Life fund

	2007		2006	
	Carrying value RM'000	Fair value RM'000	Carrying value RM'000	Fair value RM'000
Malaysian Government Securities, at cost	81,186		62,498	
Amortisation of premiums net of accretion of discounts	(175)		(497)	
	<u>81,011</u>	<u>83,451</u>	<u>62,001</u>	<u>63,161</u>
Quoted securities:				
Quoted in Malaysia:				
Shares/warrants, at cost	78,447		91,011	
Allowance for diminution in value	-		(6,418)	
	<u>78,447</u>	<u>90,233</u>	<u>84,593</u>	<u>84,593</u>
Real Estate Investment Trust, at cost	16,350		1,305	
Allowance for diminution in value	(1,107)		-	
	<u>15,243</u>	<u>15,243</u>	<u>1,305</u>	<u>1,385</u>
Unquoted securities:				
Corporate debt securities, at cost	336,460		262,672	
Accretion of discounts net of amortisation of premiums	6,285		4,041	
Allowance for diminution in value	(1,253)		(1,253)	
	<u>341,492</u>		<u>265,460</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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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2007 (CONTINUED)

6 INVESTMENTS (CONTINUED)

Life fund (continued)

	2007		2006	
	Carrying Value	Fair value	Carrying value	Fair value
	RM'000	RM'000	RM'000	RM'000
Fixed and call deposits with:				
Licensed banks	212,066		242,571	
Other licensed financial institutions	96,313		33,430	
	308,379		276,001	
	826,699		691,487	

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:

	Shareholder's fund			Life fund
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Maturing within 12 months	25,309	10,120	325,087	266,125
Maturing after 12 months	10,266	10,073	405,795	337,337
	35,575	20,193	730,882	603,462

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2007 (CONTINUED)

6 INVESTMENTS (CONTINUED)

Investment-linked fund

	<u>2007</u>	<u>2006</u>
	Carrying	Carrying
	value	value
	RM'000	RM'000
Malaysian Government Securities:		
Malaysian government securities, at cost	1,117	-
Unrealised capital gain	1	-
At indicative market value	<u>1,118</u>	<u>-</u>
Quoted securities:		
Quoted in Malaysia:		
Shares/warrants, at cost	23,349	28,016
Unrealised capital gain	8,898	1,300
At market value	<u>32,247</u>	<u>29,316</u>
Quoted outside Malaysia:		
Shares/warrants, at cost	4,292	5,722
Unrealised capital gain	781	280
At market value	<u>5,073</u>	<u>6,002</u>
Unquoted securities:		
Corporate debt securities, at cost	19,517	19,758
Accretion of discounts	152	-
Unrealised capital gain / (loss)	302	(19)
At indicative market value	<u>19,971</u>	<u>19,739</u>
Unit trust:		
Unit trust, at cost	51,500	-
Unrealised capital loss	(272)	-
	<u>51,228</u>	<u>-</u>
Structure investment:		
Structure investment, at cost	157,038	30,655
Unrealised capital loss	(4,449)	(1,413)
	<u>152,589</u>	<u>29,242</u>
Fixed and call deposits with:		
Licensed banks	6,431	16,249
Other licensed financial institutions	4,217	8,616
	<u>10,648</u>	<u>24,865</u>
Total investments	<u>272,874</u>	<u>109,164</u>

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2007 (CONTINUED)

6 INVESTMENTS (CONTINUED)

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

	Investment-linked fund	
	2007	2006
	RM'000	RM'000
Maturing within 12 months	10,441	24,865
Maturing after 12 months	173,885	48,981
	<u>184,326</u>	<u>73,846</u>

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:

	2007	2006
	RM'000	RM'000
Corporate debt securities	8,205	8,038
Fixed and call deposits	1,795	1,962
	<u>10,000</u>	<u>10,000</u>

7 INVESTMENT HELD FOR SALE

Life Fund	2007	2006
	RM'000	RM'000
Reclassification from Investment Property (Note 5)	<u>9,000</u>	<u>-</u>

During the year, there was a bid by a third party to buy an investment property located at Jalan Segunting, Kota Kinabalu. The property is last valued on 24 February 2004 by Collier Jordan Lee and Jaffar at RM9,000,000 and the offer price is also RM9,000,000.00. The property is approved for sale to the third party and documentation is being prepared for the sale. With the adoption of FRS 5, this property is classified as assets held for sale.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2007 (CONTINUED)

8 LOANS RECEIVABLE

	Life fund	
	2007	2006
	RM'000	RM'000
Policy loans	15,638	15,274
Staff loans		
- secured	752	337
- unsecured	-	3
	<u>16,390</u>	<u>15,614</u>
Receivable within 12 months	704	99
Receivable after 12 months	<u>15,686</u>	<u>15,515</u>
	<u>16,390</u>	<u>15,614</u>

9 RECEIVABLES

	Shareholder's fund		Life fund	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Outstanding premiums including agents and brokers balances	-	-	2,757	2,341
Allowance for doubtful debts	-	-	(156)	(109)
	-	-	<u>2,601</u>	<u>2,232</u>
Amounts due from reinsurers	-	-	934	251
Income due and accrued	108	117	10,605	8,713
Allowance for doubtful debts	-	-	(141)	(133)
	<u>108</u>	<u>117</u>	<u>10,464</u>	<u>8,580</u>
Other receivables, deposits and prepayment	678	44	2,315	1,240
Outstanding proceeds from disposal of investments	-	-	-	16,050
Amount due from Investment-linked funds (Note 21)	-	-	492	1,418
Amount due from Life fund (Note 12)	<u>50,000</u>	<u>50,000</u>	-	-
	<u>50,678</u>	<u>50,044</u>	<u>2,807</u>	<u>18,708</u>
	<u>50,786</u>	<u>50,161</u>	<u>16,806</u>	<u>29,771</u>

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10 CASH AND CASH EQUIVALENTS

	<u>2007</u>	<u>2006</u>
	RM'000	RM'000
Cash and bank balances:		
Shareholder's fund	232	300
Life fund	9,297	3,888
Investment-linked fund (Note 21)	<u>247</u>	<u>1,846</u>
	<u>9,776</u>	<u>6,034</u>

11 PROVISION FOR OUTSTANDING CLAIMS

	<u>2007</u>	<u>2006</u>
	RM'000	RM'000
		Life fund
		<u>2006</u>
		RM'000
Provision for outstanding claims	11,580	9,146
Less: Recoverable from reinsurers	<u>(1,565)</u>	<u>(1,188)</u>
Net outstanding claims	<u>10,015</u>	<u>7,958</u>

12 PAYABLES

	Shareholder's fund		Life fund	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
	RM'000	RM'000	RM'000	RM'000
Amounts due to reinsurers	-	-	1,492	1,336
Amounts due to agents /brokers and insureds	-	-	4,437	6,638
Other payables and accruals	294	258	15,426	5,459
Amount due to Shareholder's fund (Note 9)	-	-	50,000	50,000
Amount due to Investment- Linked fund (Note 21)	-	-	<u>627</u>	<u>-</u>
	<u>294</u>	<u>258</u>	<u>71,982</u>	<u>63,433</u>

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13 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:

	Shareholder's fund	
	2007	2006
	RM'000	RM'000
Deferred tax assets		
- subject to income tax	4,578	6,044
Deferred tax liabilities		
- subject to capital gain tax	(116)	(11)
	<u>4,462</u>	<u>6,033</u>
At beginning of financial year	6,033	6,577
(Charged)/credited to income statement (Note 20):		
- investments	(637)	(145)
- tax losses	(829)	(399)
	(1,466)	(544)
Charged to equity	(105)	-
At end of financial year	<u>4,462</u>	<u>6,033</u>
Subject to income tax:		
Deferred tax assets (before offsetting)		
- investment	-	519
- tax losses	4,696	5,525
	<u>4,696</u>	<u>6,044</u>
Offsetting	(118)	-
	<u>4,578</u>	<u>6,044</u>
Subject to income tax:		
Deferred tax liabilities (before offsetting)		
- investment	(118)	-
Offsetting	118	-
	<u>-</u>	<u>-</u>

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NOTES TO THE FINANCIAL STATEMENTS
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13 DEFERRED TAX (CONTINUED)

	Investment-linked fund	
	2007	2006
	RM'000	RM'000
Deferred tax assets		
- Subject to income tax	379	-
Deferred tax liabilities	(811)	(125)
- Subject to income tax	(432)	(125)
As at beginning of the financial year	(125)	-
Charged to statement of income and expenditure (Note 21):		
- investments	(309)	(125)
- unutilised tax losses	2	-
As at end of the financial year	(432)	(125)
<u>Subject to income tax:</u>		
Deferred tax assets (before offsetting):		
- investments	460	-
- unutilised tax losses	2	-
Offsetting	(83)	-
Deferred tax assets (after offsetting)	379	-
<u>Subject to income tax:</u>		
Deferred tax liabilities (before offsetting):		
Investments	(894)	(125)
Offsetting	83	-
Deferred tax liabilities (after offsetting)	(811)	(125)

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FOR THE FINANCIAL YEAR ENDED 31 MARCH 2007 (CONTINUED)

14 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.

	2007	2006
	RM'000	RM'000
<u>Actuarial liabilities</u>		
At beginning of financial year	790,740	567,498
Add: Increase in policy reserves	216,810	204,154
Bonus allocated to participating policyholders, including interim bonus from normal surplus	20,536	19,177
Less: Interim bonus	(92)	(89)
At end of financial year	<u>1,027,994</u>	<u>790,740</u>
<u>Unallocated surplus</u>		
At beginning of financial year		
- as previously stated	18,045	15,358
- Effect of adopting FRS 116	(126)	(63)
- as stated	17,919	15,295
Add: Surplus arising during the financial year	65,312	21,801
Less: Bonus allocated to policyholders, including interim bonus from normal surplus	(20,536)	(19,177)
At end of financial year	<u>62,695</u>	<u>17,919</u>
Life policyholders' fund at end of financial year:		
Actuarial liabilities	1,027,994	790,740
Unallocated surplus	62,695	17,919
	<u>1,090,689</u>	<u>808,659</u>

The surplus arising from the revaluation of the life fund assets may be distributed by way of bonuses to life policyholders, subject to the limit that the amount distributed should not be more than 30% of the additional amount from the revaluation or 10% of the market value of the revalued property, whichever is lower.

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FOR THE FINANCIAL YEAR ENDED 31 MARCH 2007 (CONTINUED)

15 SHARE CAPITAL

	Shareholder's fund	
	2007	2006
	RM'000	RM'000
Authorised ordinary shares of RM1 each		
At beginning of financial year	125,000	125,000
Created during the financial year	-	-
At end of financial year	<u>125,000</u>	<u>125,000</u>

16 OPERATING REVENUE

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

	2007	2006
	RM'000	RM'000
Gross premium	324,261	268,042
Investment income:		
- Shareholder's fund (Note 18)	1,637	1,632
- Life fund (Note 18)	37,344	30,413
- Investment-linked funds (Note 21)	4,035	2,064
	<u>367,277</u>	<u>302,151</u>

17 MANAGEMENT EXPENSES

	Shareholder's fund		Life fund	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Staff salaries and bonus	27	-	10,216	10,203
Defined contribution plans	-	-	1,345	1,147
Others	55	57	882	613
Staff costs	<u>82</u>	<u>57</u>	<u>12,443</u>	<u>11,963</u>

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17 MANAGEMENT EXPENSES (CONTINUED)

	Shareholder's fund		Life fund	
	2007	2006	2007	2006
Non-executive Directors' remuneration				
- current financial year	233	186	-	-
	<u>233</u>	<u>186</u>	<u>-</u>	<u>-</u>
Auditors' remuneration	-	-	64	50
Rental of offices paid to third parties	-	-	368	308
Depreciation of property, plant and equipment	30	30	1,675	1,774
Amortisation of intangible asset	-	-	72	-
Training expenses	-	-	1,007	1,021
Printing and stationery	-	-	316	542
Postage, telephone, telax and telefax	-	-	484	638
EDP expenses	-	-	660	767
Provision for doubtful debt	-	-	55	-
Writeback of allowance for doubtful debts	-	-	-	(125)
Other expenses	74	95	6,973	5,092
	<u>104</u>	<u>125</u>	<u>11,674</u>	<u>10,067</u>
	<u>419</u>	<u>368</u>	<u>24,117</u>	<u>22,030</u>

Included in staff costs of the Life fund is RM56,480 (2006: RM82,000) 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 RM589,039 (2006: RM354,000).

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

Non-executive DirectorsBoard Members

YAM Tan Sri Dato' Seri Syed Anwar Jamulullail (Chairman)
(appointed on 11 July 2006)

Lee Chin Yong (Deputy Chairman)

Kwok Chong See

Yeong Chee Wah

Lee Siang Korn @ Lee Siang Chin

Chan Kok Seong (appointed on 11 May 2006)

Dato' Dr. Mohd. Shahari bin Ahmad Jabar

(appointed on 11 July 2006)

Hasni bin Harun (appointed on 01 August 2006)

Dato' Maznah bte Abdul Jalil (resigned on 01 June 2006)

Dato' Mohammed Adnan Bin Datuk Shuaib

(resigned on 11 July 2006)

Hashim bin Harun (resigned on 11 July 2006)

Category of Directorship

Independent director

Non-Independent director

Non-Independent director

Independent director

Independent director

Non-Independent director

Independent director

Non-Independent director

Non-Independent director

Non-Independent director

Non-Independent director

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18 INVESTMENT INCOME

	Shareholder's fund		Life fund	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Interest from:				
- Malaysian Government				
Securities	-	-	3,298	2,508
- policy loans	-	-	1,734	1,582
- fixed and call deposits	377	249	8,151	7,030
- corporate debt securities	356	375	16,363	12,179
- staff loans	-	-	10	4
Accretion of discounts net of amortisation of premiums	193	183	2,606	1,804
Gross dividends:				
- quoted shares in Malaysia	594	708	4,918	5,116
Rental income – net	117	117	264	190
	<u>1,637</u>	<u>1,632</u>	<u>37,344</u>	<u>30,413</u>

19 OTHER OPERATING INCOME/(EXPENSES)– NET

	Shareholder's fund		Life fund	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
(Loss)/gain on disposal of investments	1,057	(971)	29,551	882
Writeback of allowance for diminution in value of investments	2,098	338	5,311	1,211
Profit on disposal of property, plant and equipment	-	-	55	105
Realised exchange losses	-	-	-	(3)
Fair value gain from investment property (Note 5)	-	-	719	
Other income/(expenses)	-	-	(5)	63
Investment-linked fund management fee	-	-	949	793
Other operating income/ (expenses) - net	<u>3,155</u>	<u>(633)</u>	<u>36,580</u>	<u>3,051</u>

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20 TAXATION

	Shareholder's fund		Life fund	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Current tax	-	(130)	4,736	2,197
Deferred tax (Note 13)	1,466	544	356	-
	<u>1,466</u>	<u>414</u>	<u>5,092</u>	<u>2,197</u>
<u>Current tax</u>				
Current year	-	86	4,736	2,210
Under provision in prior years	-	(216)	-	(13)
<u>Deferred tax</u>				
Origination and reversal of temporary differences	1,466	544	356	-
	<u>1,466</u>	<u>414</u>	<u>5,092</u>	<u>2,197</u>

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

	2007	2006
	RM'000	RM'000
<u>Shareholders' Fund</u>		
Profit/(loss) before taxation	<u>4,373</u>	<u>631</u>
Taxation calculated at the Malaysian tax rate of 27% (2006:28%)	1,181	177
Tax effect of		
- expenses not deductible for tax purposes	14	141
- unabsorbed losses	-	(216)
- impact of changes in tax rate	271	-
- temporary differences not recognised in prior financial years	<u>-</u>	<u>312</u>
	<u>1,466</u>	<u>414</u>

The taxation charge in the income statement of the Company relates to income attribute to the shareholders' funds.

The taxation charge on the life fund is based on the method prescribed under the Income Tax Act, 1967 for life business.

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21 INVESTMENT-LINKED FUND

	<u>2007</u>	<u>2006</u>
	RM'000	RM'000
<u>BALANCE SHEET</u>		
<u>ASSETS</u>		
Investments (Note 6)	272,874	109,164
Interest income due and accrued	314	427
Amount due from Life Fund (Note 12)	627	-
Receivables	926	285
Tax recoverable	14	44
Deferred tax asset	379	-
Cash and cash equivalents (Note 10)	247	1,846
	<u>275,381</u>	<u>111,766</u>
<u>LIABILITIES</u>		
Amount due to Life fund (Note 9)	492	1,418
Payables	13	8
Current tax payable	276	55
Deferred tax liabilities (Note 13)	811	125
	<u>1,592</u>	<u>1,606</u>
NET ASSET VALUE OF FUNDS	<u>273,789</u>	<u>110,160</u>
<u>REPRESENTED BY:</u>		
<u>UNITHOLDERS' ACCOUNT</u>		
At beginning of financial year	110,160	-
Creation of units	199,242	117,333
Cancellation of units	(46,524)	(8,659)
Net surplus for the financial year after taxation	10,911	1,486
At end of the financial year	<u>273,789</u>	<u>110,160</u>
	<u>2007</u>	<u>2006</u>
	RM'000	RM'000
<u>STATEMENT OF INCOME AND EXPENDITURE</u>		
Investment income	4,035	2,064
Other operating income -net	8,712	560
Management expenses	(960)	(827)
Surplus for the financial year before taxation	11,787	1,797
Taxation:		
- current tax	(567)	(186)
- deferred tax (Note13)	(309)	(125)
Net surplus for the financial year after taxation	<u>10,911</u>	<u>1,486</u>

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22 EARNINGS PER SHARE

The earnings per ordinary share has been calculated based on the net profit for the financial year of RM2,907,000.00 (2006: RM217,000.00) and the weighted average number of ordinary shares in issue during the financial year of RM125 million (2006: RM125 million).

23 CASH FLOW SEGMENT INFORMATION

	Shareholder's fund RM'000	Life fund RM'000	Investment linked fund RM'000	Total RM'000
<u>2007</u>				
Cash (outflows)/inflows from:				
Operating activities	(68)	6,271	(1,599)	4,604
Investing activities	-	(862)	-	(862)
	<u>(68)</u>	<u>5,409</u>	<u>(1,599)</u>	<u>3,742</u>
Net (decrease)/increase in cash and cash equivalents:				
Cash and cash equivalents:				
At beginning of the financial year	300	3,888	1,846	6,034
At end of the financial year	<u>232</u>	<u>9,297</u>	<u>247</u>	<u>9,776</u>
<u>2006</u>				
Cash (outflows)/inflows from:				
Operating activities	(288)	(2,368)	1,846	(810)
Investing activities	-	(10,658)	-	(10,658)
	<u>(288)</u>	<u>(13,026)</u>	<u>1,846</u>	<u>(11,468)</u>
Net (decrease)/increase in cash and cash equivalents:				
Cash and cash equivalents:				
At beginning of the financial year	588	16,914	-	17,502
At end of the financial year	<u>300</u>	<u>3,888</u>	<u>1,846</u>	<u>6,034</u>

24 CAPITAL COMMITMENTS

	2007 RM'000	2006 RM'000
Capital commitments for property, plant and equipment approved by Directors but not provided for in the financial statements		
Contracted for	<u>640</u>	<u>228</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2007 (CONTINUED)

25 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	Associate of DRB-HICOM
EON Capital Berhad	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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25 RELATED PARTY DISCLOSURES (CONTINUED)

(a) Related parties and relationship (continued)

Other related parties

United Overseas Bank (M) Bhd

Relationship

Substantial shareholder of holding company

(b) Related party balances

	<u>2007</u>	<u>2006</u>
	RM'000	RM'000
Amounts due from related parties included in receivables (Note 9) are as follows:		
- Outstanding premiums due from affiliated companies	-	1
- Outstanding premiums due from related companies	355	413
- Outstanding premiums due from other related parties	<u>331</u>	<u>81</u>
Amount due to related parties included in payables (Note 12) is as follows:		
- Outstanding premiums due to related companies	(42)	(41)
- Outstanding commissions due to other related parties	<u>(205)</u>	<u>(331)</u>
Fixed and call deposits included in investments (Note 6) placed with:		
- Other related parties	<u>50,360</u>	<u>93,620</u>
Bank balances included in cash and cash equivalents (Note 10) placed with:		
- Other related company	<u>2,772</u>	<u>1,940</u>

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25 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>2007</u>	<u>2006</u>
	RM'000	RM'000
i) Gross premium received/receivable from:		
- Related companies	1,114	1,047
- Other related parties	<u>354</u>	<u>319</u>
ii) Commission paid/payable to:		
- Other related parties	<u>1,950</u>	<u>3,200</u>
iii) Interest received/receivable from deposits:		
- Other related parties	<u>32</u>	<u>1,320</u>
iv) Purchase of securities		
- Other related parties	<u>61,754</u>	<u>48,326</u>
v) Purchase of fixed assets		
- Affiliated companies	<u>162</u>	<u>-</u>
vi) Sales of securities		
- Other related parties	<u>12,887</u>	<u>10,574</u>
vii) Management fees paid		
- Other related parties	<u>241</u>	<u>272</u>

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26 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>2007</u>						
Financial assets:						
Investments						
- Malaysian Government Securities	-	300	51,747	30,082	82,129	4.40
- Corporate debt securities	45,412	5,003	149,451	171,863	371,729	4.50
- Shares/warrants	123,464	-	-	-	123,464	N/A
- Real Estate Investment Trusts	67,239	-	-	-	67,239	N/A
- Fixed and call deposits	-	321,130	175,795	-	496,925	3.50
Loans receivable	16,390	-	-	-	16,390	8.00
Receivables	65,924	-	-	-	65,924	N/A
Cash and cash equivalents	9,776	-	-	-	9,776	N/A
	<u>328,205</u>	<u>326,433</u>	<u>376,993</u>	<u>201,945</u>	1,233,576	
Other financial assets*						
- Outstanding premiums including agents' and brokers' balances					<u>3,535</u>	
Total financial assets					1,237,111	
Other assets					<u>40,814</u>	
Total assets per balance sheet					<u>1,277,925</u>	

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26 FINANCIAL INSTRUMENTS (CONTINUED)

(a) Exposure to interest rate risk (continued)

	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	
<u>2007</u>					
Financial liabilities:					
- Other payables and accruals	<u>66,852</u>	<u>-</u>	<u>-</u>	<u>-</u>	66,852
Other financial liabilities*					
- Life policyholders' fund					1,090,689
- Provision for outstanding claims					10,015
- Amount due to reinsurers					1,492
- Amount due to agents/brokers /insureds					<u>4,437</u>
Total financial liabilities					1,173,485
Other liabilities					<u>4,855</u>
Total liabilities per balance sheet					<u><u>1,178,340</u></u>

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26 FINANCIAL INSTRUMENTS (CONTINUED)

(a) Exposure to interest rate risk (continued)

	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	77,734	-	-	-	77,734	N/A
Cash and cash equivalents	6,034	-	-	-	6,034	N/A
	<u>261,127</u>	<u>302,293</u>	<u>138,701</u>	<u>236,382</u>	938,503	
Other financial assets*						
- Outstanding premiums including agents' and brokers' balances					2,232	
- Amount due from reinsurers					251	
Total financial assets					940,986	
Other assets					38,260	
Total assets per balance sheet					<u>979,246</u>	

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26 FINANCIAL INSTRUMENTS (CONTINUED)

(a) Exposure to interest rate risk (continued)

	Non-interest bearing	Interest bearing Contractual repricing or maturity date (whichever is earlier)			Total carrying amount
		1 year or less	1 to 5 years	More than 5 years	
	RM'000	RM'000	RM'000	RM'000	RM'000
<u>2006</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					808,659
- Provision for outstanding claims					7,958
- Amount due to reinsurers					1,336
- Amount due to agents/brokers /insureds					<u>6,638</u>
Total financial liabilities					881,734
Other liabilities					<u>1,119</u>
Total liabilities per balance sheet					<u>882,853</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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26 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Foreign exchange risk

The currency exposure of the investments in securities of corporations quoted outside Malaysia and unit trust that are not denominated in functional currency of the funds is set out below

	Currency exposure at 31.03.2007								
	<u>SGD</u>	<u>HKD</u>	<u>IDR</u>	<u>KRW</u>	<u>THB</u>	<u>TWD</u>	<u>USD</u>	<u>RM</u>	<u>TOTAL</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2007									
Functional Currency									
Ringgit Malaysia									
Investments	52,848	1,553	448	505	142	647	158	-	56,301
Other assets	488	2	-	22	-	27	-	359	898
	<u>53,336</u>	<u>1,555</u>	<u>448</u>	<u>527</u>	<u>142</u>	<u>674</u>	<u>158</u>	<u>359</u>	<u>57,199</u>
2006									
Investments	626	1,386	544	2,188	298	960	-	-	6,002
Other assets	279	5	-	14	12	4	-	53	366
	<u>905</u>	<u>1,390</u>	<u>544</u>	<u>2,202</u>	<u>310</u>	<u>964</u>	<u>-</u>	<u>53</u>	<u>6,368</u>

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26 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Foreign exchange risk (continue)

Certain investments in securities of corporations quoted outside Malaysia for Uni Asia Equity Fund enters into foreign currency forward contracts to hedge the movements in certain exchange rates by establishing the rate at which a foreign currency investment will be settled. Gains and losses of foreign currency forward contracts entered into as hedges of foreign currency monetary items are recognized in the financial statements when the exchange differences of hedged investment are recognized in the financial statement.

Foreign Currency Forward Contracts

As at the balance sheet date, the company had outstanding foreign currency forward contracts equivalents to Ringgit Malaysia amounts as set out belows:

	2007 RM'000	2006 RM'000
Purchase contracts: United States Dollar	<u>158</u>	<u>-</u>

The fair values of outstanding forward contracts as at 31 March 2007 was an unfavourable net position of RM 2,234 (2006: nil)

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

	2007 <u>RM'000</u>	2006 <u>RM'000</u>
AAA	88,610	78,805
AA	167,026	117,669
A	96,670	79,796
BB	-	5,013
B	5,013	-
Non-rated	<u>14,410</u>	<u>13,989</u>
	<u>371,729</u>	<u>295,272</u>

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

Company No.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2007 (CONTINUED)

26 FINANCIAL INSTRUMENTS (CONTINUED)

(d) Fair values

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

	Shareholder's fund		2007 Life fund	
	Carrying amount	Fair values	Carrying amount	Fair values
	RM'000	RM'000	RM'000	RM'000
Investments:				
- Malaysian Government Securities	-	-	81,011	83,451
- Quoted shares/warrants	5,570	6,851	78,447	90,233
- Real estate investment trust	768	825	15,243	15,243
- Corporate debt securities	10,266	10,189	341,492	358,806
	<u>16,604</u>	<u>17,865</u>	<u>516,193</u>	<u>547,733</u>
	Shareholder's fund		2006 Life fund	
	Carrying amount	Fair values	Carrying amount	Fair values
	RM'000	RM'000	RM'000	RM'000
Investments:				
- Malaysian Government Securities	-	-	62,001	63,161
- Quoted shares/warrants	17,776	17,776	84,593	84,593
- Real estate investment trust	501	519	1,305	1,385
- Corporate debt securities	10,073	10,298	265,460	270,414
	<u>28,350</u>	<u>28,593</u>	<u>413,359</u>	<u>419,553</u>