

Company No.

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

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010

Company No.

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

REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010

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UNI.ASIA LIFE ASSURANCE BERHAD
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DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of the Company for the financial year ended 31 March 2010.

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>25,773</u>

DIVIDENDS

No dividend has been paid or declared by the Company since 31 March 2009. The Directors do not recommend the payment of any dividend for the financial year ended 31 March 2010.

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.

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

CURRENT ASSETS

Before the income statements and the balance sheets of the Company were made out, the Directors took reasonable steps to ensure that any current assets, which were unlikely to be realised in the ordinary course of business, their values as shown in the accounting records of the Company have been written down to an amount which they might be expected to realise.

At the date of this report, the Directors are not aware of any circumstances which would render the values attributed to current assets in the financial statements of the Company misleading.

VALUATION METHODS

At the date of this report, the Directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:

- (a) any charge on the assets of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or
- (b) any contingent liability in respect of the Company that has arisen since the end of the financial year.

No contingent or other liability of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Company which to meet its obligations as and when they fall due.

For the purpose of this paragraph, contingent or other liabilities do not include liabilities arising from contracts of insurance underwritten in the ordinary course of business of the Company.

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.

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

ITEMS OF AN UNUSUAL NATURE (CONTINUED)

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

CORPORATE GOVERNANCE

(a) Importance and commitment

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

(b) Key issues and aspects

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

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

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

- i. The Board has a mix of independent and non-independent Directors. The Board comprises 8 non-executive Directors with vast experience, of which 3 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:

Board Members

Category of Directorship

Lee Chin Yong (Deputy Chairman)	Non-Independent Director
Dato' Sri Haji Mohd Khamil bin Jamil (appointed on 26 October 2009)	Non-Independent Director
Dato' Dr. Mohd. Shahari bin Ahmad Jabar	Independent Director
Dato' Khalid bin Abdol Rahman	Non-Independent Director
Lee Siang Korn @ Lee Siang Chin	Independent Director
Yeong Chee Wah	Independent Director
Chan Kok Seong	Non-Independent Director
Toi See Jong	Non-Independent Director
YAM Tan Sri Dato' Seri Syed Anwar Jamalullail (resigned on 1 July 2009)	Independent Director

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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 2010 are as follows:

<u>Directors</u>	<u>Number of Board meeting</u>	
	<i>Held</i>	<i>Attended</i>
Lee Chin Yong	6	5
Dato' Sri Haji Mohd Khamil bin Jamil (appointed on 26 October 2009)	6	3
Dato' Dr. Mohd Shahari bin Ahmad Jabar	6	6
Dato' Khalid bin Abdol Rahman	6	6
Lee Siang Korn @ Lee Siang Chin	6	5
Yeong Chee Wah	6	6
Chan Kok Seong	6	6
Toi See Jong	6	5
YAM Tan Sri Dato' Seri Syed Anwar Jamalullail (resigned on 1 July 2009)	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 of 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 as modified by Bank Negara Malaysia and give a true and fair view of the state of affairs of the Company at the end of the financial year and of the results and cash flows of the Company for the financial year.

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

CORPORATE GOVERNANCE (CONTINUED)

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

In preparing the financial statements, the Directors have:

- adopted suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- ensured that all applicable accounting standards have been followed; and
- prepared financial statements on the going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Company has adequate resources to continue in operational existence for the foreseeable future.

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

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

(h) Financial reporting

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

(i) Board committees

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

(j) Audit Committee

The Audit Committee is chaired by Dato' Dr. Mohd. Shahari bin Ahmad Jabar and comprises two other Directors, namely Yeong Chee Wah and Lee Siang Korn @ Lee Siang Chin.

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.

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

CORPORATE GOVERNANCE (CONTINUED)

(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, Dato' Sri Haji Mohd Khamil bin Jamil, Dato' Khalid bin Abdol Rahman and Toi See Jong.

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

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

Remuneration of the Directors and the CEO

The aggregate remuneration of the Directors and the remuneration of the CEO have been disclosed in Note 21 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, Dato' Sri Haji Mohd Khamil bin Jamil, Dato' Dr. Mohd. Shahari bin Ahmad Jabar, Dato' Khalid bin Abdol Rahman, Yeong Chee Wah and Toi See Jong. The Nomination Committee recommends to the Board the appointments of all Directors and regularly reviews, a profile of the skills and attributes required from the Directors as a whole to ensure an appropriate balance of expertise and ability. This profile is used to assess the suitability of candidates put forward by the Directors and shareholder's.

(m) Risk Management Committee

The Risk Management Committee, formed in July 2003, is chaired by Yeong Chee Wah, and consists of Lee Chin Yong, Chan Kok Seong and Dato' Khalid bin Abdol Rahman. The roles of the Risk Management Committee are:

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

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

CORPORATE GOVERNANCE (CONTINUED)

(n) Executive Committee

The Executive Committee, formed in March of 2003, is chaired by Lee Chin Yong and consists of Dato' Sri Haji Mohd Khamil bin Jamil, Dato' Khalid bin Abdol Rahman, Chan Kok Seong, Toi See Jong 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.

(o) Investment Committee

The Committee is chaired by Lee Siang Korn @ Lee Siang Chin and consists of Lee Chin Yong, Dato' Sri Haji Mohd Khamil bin Jamil, Dato' Khalid bin Abdol Rahman and Chan Kok Seong. 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 recommendations for their deliberation and formalisation pertaining to the investment activities of the Company.

DIRECTOR'S INTEREST IN SHARES

According to the register of Directors' shareholdings, none of the Directors in the office at the end of the financial year had any interest in shares of the Company or shares, options over shares and debenture of its related corporations during the financial year.

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than Director's remuneration as shown in Note 21 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

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UNI.ASIA LIFE ASSURANCE BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

ULTIMATE HOLDING COMPANY

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

AUDITORS

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

Signed on behalf of the Board in accordance with their resolution dated 28 June 2010.

DATO' KHALID BIN ABDOL RAHMAN
DIRECTOR

CHAN KOK SEONG
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, Dato' Khalid Bin Abdol Rahman and Chan Kok Seong, two of the Directors, state that, in the opinion of the Directors, the financial statements set out on pages 13 to 72 are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 March 2010 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 as modified by Bank Negara Malaysia, and the provisions of the Companies Act, 1965.

Signed on behalf of the Board of Directors in accordance with their resolution dated 28 June 2010.

DATO' KHALID BIN ABDOL RAHMAN
DIRECTOR

CHAN KOK SEONG
DIRECTOR

Kuala Lumpur, Wilayah Persekutuan

STATUTORY 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 72 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 28 June 2010, before me.

COMMISSIONER FOR OATHS

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

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Uni.Asia Life Assurance Berhad, which comprise the balance sheet as at 31 March 2010, and the income statement, statement of changes in equity and cash flow statement for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 13 to 72.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities as modified by Bank Negara Malaysia, and the Companies Act, 1965. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities as modified by Bank Negara Malaysia, and the Companies Act, 1965 so as to give a true and fair view of the financial position of the Company as of 31 March 2010 and of its financial performance and cash flows for the financial year then ended.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that, in our opinion, the accounting and other records 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.

OTHER MATTERS

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

PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Chartered Accountants

SRIDHARAN NAIR
(No. 2656/05/12 (J))
Chartered Accountant

Kuala Lumpur
28 June 2010

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UNI.ASIA LIFE ASSURANCE BERHAD
(Incorporated in Malaysia)

BALANCE SHEET
AS AT 31 MARCH 2010

	Note	2010 RM'000	2009 RM'000
ASSETS			
Shareholder's fund assets			
Property, plant and equipment	3	-	1,764
Investments	7	30,559	93,061
Securities – Available-for-sale	8	118,679	-
Securities – Held for trading	9	3,444	-
Deferred tax assets	16	-	3,345
Loans	11	2,000	2,000
Receivables	12	25,620	54,499
Cash and cash equivalents	13	148	140
Tax recoverable		26	73
Total Shareholder's fund assets		180,476	154,882
Total Life fund assets (page 14)		1,775,935	1,397,208
TOTAL ASSETS		1,956,411	1,552,090
LIABILITIES			
Shareholder's fund liabilities			
Payables	15	658	761
Subordinated term loan	17	53,000	53,000
Deferred tax liabilities	16	341	-
Total Shareholder's fund liabilities		53,999	53,761
Total Life fund liabilities (page 14)		241,096	138,066
Total Life policyholders' fund	18	1,534,839	1,259,142
		1,829,934	1,450,969
SHAREHOLDER'S EQUITY			
Share capital	19	125,000	125,000
Retained earnings/(accumulated losses)		1,287	(24,486)
Revaluation reserve		-	607
Available-for-sale reserve		190	-
		126,477	101,121
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		1,956,411	1,552,090

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 2010

	Note	2010 RM'000	2009 RM'000
ASSETS			
Property, plant and equipment	3	14,122	15,512
Intangible assets	4	3,027	1,217
Investment properties	5	9,500	8,200
Prepaid land lease payment	6	256	259
Investments	7	367,241	926,622
Securities – Available-for-sale	8	589,743	-
Securities – Held for trading	9	94,445	-
Securities – Held to maturity	10	282,116	-
Loans	11	61,200	59,203
Deferred tax assets	16	-	2,994
Receivables	12	59,045	22,593
Cash and cash equivalents	13	13,180	18,870
Tax recoverable		-	6,595
Investment-linked fund assets	25	282,060	335,143
TOTAL LIFE FUND ASSETS		<u>1,775,935</u>	<u>1,397,208</u>
LIABILITIES			
Provision for outstanding claims	14	42,196	11,342
Payables	15	193,679	125,655
Deferred tax liabilities	16	1,198	-
Current tax payable		2,922	-
Investment-linked fund liabilities	25	1,101	1,069
Total Life fund liabilities		<u>241,096</u>	<u>138,066</u>
LIFE POLICYHOLDERS' FUND			
Life insurance revenue account (Page 16)		1,526,252	1,249,577
Revaluation reserve		8,871	9,565
Available-for-sale reserve		(284)	-
Total Life policyholders' fund	18	<u>1,534,839</u>	<u>1,259,142</u>
TOTAL LIFE FUND LIABILITIES AND LIFE POLICYHOLDERS' FUND		<u>1,775,935</u>	<u>1,397,208</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 2010

	<u>Note</u>	<u>2010</u> RM'000	<u>2009</u> RM'000
Operating revenue	20	<u>470,662</u>	<u>276,023</u>
Shareholder's fund:			
Investment income	22	3,785	1,885
Other operating income/(expenses) - net	23	4,736	(3,285)
Management expenses	21	(860)	(502)
Finance cost		<u>(2,308)</u>	<u>(216)</u>
Profit/(loss) before taxation		5,353	(2,118)
Surplus transfer from Life fund		<u>28,000</u>	<u>3,000</u>
Profit after surplus transfer		33,353	882
Taxation	24	<u>(7,580)</u>	<u>(495)</u>
Net profit for the financial year		<u>25,773</u>	<u>387</u>
Earnings per share (sen)	26	<u>20.62</u>	<u>0.31</u>

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

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LIFE INSURANCE REVENUE ACCOUNT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010

	Note	2010 RM'000	2009 RM'000
Gross premium	20	411,065	222,590
Reinsurance		<u>(9,040)</u>	<u>(7,634)</u>
Net premium		<u>402,025</u>	<u>214,956</u>
Gross benefits paid and payable			
Death		(17,383)	(13,818)
Maturity		(82,695)	(3,330)
Surrender		(52,044)	(74,275)
Others		(19,840)	(13,175)
Reinsurances recoveries		<u>6,401</u>	<u>4,480</u>
		<u>(165,561)</u>	<u>(100,118)</u>
		236,464	114,838
Commission and agency expenses		(37,091)	(31,399)
Management expenses	21	<u>(41,242)</u>	<u>(35,090)</u>
		158,131	48,349
Investment income	22	50,483	47,090
Other operating income/(expenses) – net	23	<u>59,898</u>	<u>(55,702)</u>
Surplus before taxation		268,512	39,737
Taxation	24	<u>(9,714)</u>	<u>3,979</u>
Surplus after taxation		258,798	43,716
Surplus/(deficit) from Investment-linked funds	25	<u>45,607</u>	<u>(32,390)</u>
		304,405	11,326
Life policyholders' funds at beginning of financial year		1,249,847	1,241,251
Surplus transfer to Shareholder's fund		<u>(28,000)</u>	<u>(3,000)</u>
Life policyholders' fund as at end of financial year		<u>1,526,252</u>	<u>1,249,577</u>

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

UNI.ASIA LIFE ASSURANCE BERHAD
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STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010

	Issued and fully paid ordinary shares of RM1 each		Revaluation reserve RM'000	Non- Distributable	Distributable	Total RM'000
	Number of shares	Nominal value RM'000		Available- for-sale reserve RM'000	(Accumulated losses)/ retained earnings RM'000	
Balance at 1 April 2009	125,000	125,000	607	-	(24,486)	101,121
Change in accounting policy (note 2.2(f))						
- fair value gain on AFS securities	-	-	-	90	-	90
- deferred tax on AFS securities	-	-	-	(22)	-	(22)
Restated as at 1 April 2009	125,000	125,000	607	68	(24,486)	101,189
Net profit for the financial year	-	-	-	-	25,773	25,773
Net gain not recognised in income statements:						
- revaluation reserve realised on disposal	-	-	(607)	-	-	(607)
- reversal of deferred tax	-	-	-	22	-	22
- fair value gain on AFS securities	-	-	-	163	-	163
- deferred tax on AFS securities	-	-	-	(63)	-	(63)
At 31 March 2010	125,000	125,000	-	190	1,287	126,477
Balance at 1 April 2008	125,000	125,000	607	-	(24,873)	100,734
Net profit for the financial year	-	-	-	-	387	387
As at 31 March 2009	125,000	125,000	607	-	(24,486)	101,121

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 2010

	2010 RM'000	2009 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit for the financial year	25,773	387
Adjustments for:		
Life fund surplus after taxation	304,405	11,326
Depreciation of property, plant and equipment	1,540	1,743
Amortisation of intangible assets	414	93
Amortisation of prepaid land lease payment	3	3
(Gain)/losses on disposal of property, plant and equipment	(1,104)	55
Accretion of discount	(3,665)	(1,382)
Investment income	(59,378)	(50,395)
(Gain)/losses on disposal of investments	(19,761)	41,643
Gain on fair value adjustment of securities	(94,755)	-
Gain on fair value adjustment of investment properties	(1,300)	-
Gain on other income	(188)	-
Surplus transfer from Life fund	(28,000)	(3,000)
Allowance net of write-back for impairment in value of corporate-debt-securities	3,538	-
Allowance for diminution in value of investments	-	18,180
Allowance for diminution in value of investment-linked fund	-	36,632
Unrealised loss on foreign exchange	3,785	-
Finance costs	2,308	216
Write-back of doubtful debts	(1)	(62)
Taxation expense/(credit)	21,144	(5,826)
Operating profit before working capital changes	154,758	49,613
Assets and liabilities		
Purchase of investments	(992,784)	(403,796)
Proceeds from disposal of investments	814,564	314,532
Increase in loans receivable	(1,997)	(348)
Increase in fixed and all deposits	(125,847)	(113,820)
Decrease in receivables	3,563	7,937
Increase in provision for outstanding claims	30,854	748
Increase in payables	62,177	47,433

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UNI.ASIA LIFE ASSURANCE BERHAD
(Incorporated in Malaysia)

CASH FLOW STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010 (CONTINUED)

	<u>Note</u>	<u>2010</u> RM'000	<u>2009</u> RM'000
Interest income received		47,414	41,663
Dividend income received		5,005	6,974
Rental income received		288	1,435
Finance cost paid		<u>(2,314)</u>	<u>(216)</u>
Cash used in operations		(4,319)	(47,845)
Tax refund		1,611	-
Tax paid		<u>(2,204)</u>	<u>(6,024)</u>
Cash used in operating activities		<u>(4,912)</u>	<u>(53,869)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(902)	(2,081)
Purchase of intangible asset		(2,224)	(1,094)
Proceeds from disposal of property, plant and equipment		<u>2,319</u>	<u>334</u>
Net cash used in investing activities		<u>(807)</u>	<u>(2,841)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from subordinated term loan		<u>-</u>	<u>53,000</u>
Net cash generated from financing activities		<u>-</u>	<u>53,000</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL YEAR		(5,719)	(3,710)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		<u>19,200</u>	<u>22,910</u>
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	13	<u>13,481</u>	<u>19,200</u>

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

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UNI.ASIA LIFE ASSURANCE BERHAD
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010

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 28 June 2010.

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 of the Company have been prepared under the historical cost convention except as disclosed in this summary of significant accounting policies, and comply with the Financial Reporting Standards ("FRS"), the MASB approved accounting standards in Malaysia for Entities Other than Private Entities as modified by Bank Negara Malaysia ("BNM") in respect of the Risk-Based Capital Framework for Insurers ("RBC") issued by BNM as explained in the paragraph below, the provisions of the Companies Act, 1965, the Insurance Act, 1996 and relevant Guidelines/Circulars issued by BNM in all material aspects.

The preparation of financial statements in conformity with the FRS requires the Directors to exercise their judgement in the process of applying the Company's accounting policies. It also requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported financial year. Although these estimates are based on the Directors' best knowledge of current events and actions, actual results could differ from those estimates. Critical accounting estimates and assumptions used that are significant to the financial statements, and areas involving a higher degree of judgement or complexity, are disclosed in note 2.3 to the financial statements.

In November 2008, BNM issued detailed guidelines under the RBC which was effective for annual periods beginning on or after 1 January 2009. As required under RBC, the Company has adopted new accounting policies on classification and valuation of securities, and on valuation of insurance liabilities as specified under RBC. The changes in accounting policies as set out in note 2.2(f) and 2.2(u) to the financial statements have been applied prospectively by adjusting the opening balances as at 1 April 2009.

UNI.ASIA LIFE ASSURANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010 (CONTINUED)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

The effect of the changes in accounting policies are disclosed in note 2.2(f), 2.2(u) and note 18 to the financial statements.

(i) Standards, amendments to published standards and interpretations ("IC") that are applicable to the Company but not yet effective and have not been early adopted.

The new standards, amendments to published standards and IC that are mandatory for the Company's financial year beginning on or after 1 April 2010 or later periods, but which the Company has not early adopted are as follows:

		<u>Effective Date</u>
FRS 4	Insurance Contracts	1 April 2010
FRS 7	Financial Instruments: Disclosures	1 April 2010
Amendments to FRS 7	Improving Disclosures about Financial Instruments	1 April 2011
Revised FRS 101	Presentation of Financial Statement	1 April 2010
FRS 123	Borrowing Costs	1 April 2010
Amendment to FRS 132	Financial Instruments: Presentation	1 April 2010
FRS 139	Financial Instruments: Recognition and Measurement	1 April 2010
Amendment to FRS 139	Reclassification of Financial Assets	1 April 2010
Amendment to IC 9 and FRS 139	Embedded derivatives	1 April 2010
IC 9 and Amendments to IC 9	Reassessment of Embedded derivative	1 April 2010

The Company has applied the transitional provision in FRS 4, 7, 139 and IC 9 which exempts entities from disclosing the possible impact arising from initial application of these standards on the financial statements of the Company.

The adoption of the other above standards and amendments to published standards will not result in significant changes in accounting policies of the Company.

The Company will adopt the relevant standards, amendments to published standards and IC when effective.

UNI.ASIA LIFE ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010 (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 accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement 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. Other property, plant and equipment are depreciated on a straight line basis to write off the cost of the assets, or their revalued amounts, to their residual values over their estimated useful lives, summarised as follows:

Freehold building	50 – 70 years
Furniture, fixtures, fittings and office equipment	3 – 5 years
Motor vehicles	7 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 2.2(g) on impairment of assets.

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

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010 (CONTINUED)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of Significant Accounting Policies (continued)

(b) Intangible assets – computer software

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

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

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

(c) 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 differs materially from the fair value. 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.

(d) Prepaid land lease payment

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

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010 (CONTINUED)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of Significant Accounting Policies (continued)

The accounting policy in the previous financial year in respect of investments is as follows:

(e) Investments

(i) Non – Investment linked business:

Malaysian Government Securities, Cagamas papers and other unquoted approved debts 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 account.

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

Unquoted and other 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. Such a decline is recognised as an expense in the financial year in which the decline is identified.

(ii) Investment – linked business:

All quoted investments of the investment-linked business are stated at market value.

Investments in Malaysian Government Securities, Cagamas papers, 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 using the effective yield method from date of purchase to maturity date. The carrying values of Malaysian Government Securities, Cagamas papers, 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 a substantial amount of the fund is invested in fixed income instruments issued by financial institutions while the remaining amount is invested in instruments which are linked to the performance of one or more equity market prices or indices that introduce significant risk that will affect the performance of these instruments. Structured investments are carried at fair values quoted by counter parties based on specific valuation models as at the balance sheet date.

Any change in the values of these investments is taken to the investment-linked business statement of income and expenditure.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010 (CONTINUED)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of Significant Accounting Policies (continued)

(f) Securities

Arising from the adoption of RBC with effect from 1 April 2009, investments are classified and measured using accounting policies as mentioned below.

Securities are recognised initially at purchase price plus attributable transaction costs except for those held for trading securities, where the attributable transaction costs are expensed to the income statement or revenue account. The Company's securities are categorised and measured as follows:

(i) Held for trading (HFT)

A security is classified as held for trading if it is acquired principally for the purpose of selling or repurchasing it in the near term or it is part of a portfolio of identified securities that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking.

Securities classified as held for trading are stated at fair value and any gain or loss arising from a change in their fair values is recognised in the income statement or revenue account. After initial recognition, no reclassification into the held for trading category is allowed.

(ii) Held-to-maturity (HTM)

Held-to-maturity investments are securities with fixed or determinable payments and fixed maturity that the Company has the positive intention and ability to hold to maturity.

Securities classified as held to maturity investments are subsequently measured at amortised cost using the effective interest method. A gain or loss is recognised in the income statement or revenue account when the security is derecognised or impaired.

(iii) Available-for-sale (AFS)

Available-for-sale category comprises securities that are not classified as held for trading or held-to-maturity.

Securities classified as available-for-sale are subsequently measured at their fair values with the gains or losses recognised in equity or life fund reserve, except for impairment losses and foreign exchange gains and losses arising from monetary items which are recognised in the income statement or revenue account. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010 (CONTINUED)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of Significant Accounting Policies (continued)

(f) Securities (continued)

(iii) Available-for-sale (AFS) (continued)

On derecognition, the cumulative gains or losses recognised in equity or life fund reserve is reclassified from equity or life fund reserve into the income statement or revenue account.

All securities, except for those held for trading, are subject to review for impairment (see note 2.2(g)).

The change in accounting policies in respect of securities has been applied prospectively by adjusting the opening balances as at 1 April 2009 as follows:

	As previously reported	Change in accounting policy	As restated
	RM'000	RM'000	RM'000
<u>BALANCE SHEET</u>			
ASSETS			
Investments	93,061	(19,334)	73,727
Securities – Available-for-sale	-	8,774	8,774
Securities – Held for trading	-	8,641	8,641
Securities – Held to maturity	-	2,009	2,009
Deferred tax assets	3,345	(22)	3,323
Total Life fund assets	1,397,208	524	1,377,732
LIABILITIES			
Total Life policyholders' fund	1,259,142	524	1,259,666
SHAREHOLDER'S EQUITY			
Available-for-sale reserve	-	(68)	(68)

UNI.ASIA LIFE ASSURANCE BERHAD
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010 (CONTINUED)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of Significant Accounting Policies (continued)

(f) Securities (continued)

	As previously reported	Change in accounting policy	As restated
	RM'000	RM'000	RM'000
<u>LIFE FUND BALANCE SHEET</u>			
<u>ASSETS</u>			
Investments	926,622	(734,129)	192,493
Securities – Available-for-sale	-	419,652	419,652
Securities – Held for trading	-	133,109	133,109
Securities – Held to maturity	-	181,914	181,914
Deferred tax assets	2,994	(22)	2,972
<u>LIFE POLICYHOLDERS' FUND</u>			
Life policyholders' funds at beginning of financial year	1,249,577	270	1,249,847
Available-for-sale reserve	-	254	254
<u>INVESTMENT-LINKED BALANCE SHEET</u>			
<u>ASSETS</u>			
Investments	329,224	(309,980)	19,244
Securities – Held for trading	-	309,980	309,980

(g) Impairment of assets

The carrying amounts of assets, except for those held for trading securities and investment properties, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset to which it belongs exceeds its recoverable amount.

UNI.ASIA LIFE ASSURANCE BERHAD
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010 (CONTINUED)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of Significant Accounting Policies (continued)

(g) Impairment of assets (continued)

Impairment losses are recognised in the income statement or revenue account. The accounting policies on impairment of assets are summarised as follows:

(i) Held to maturity securities

For securities carried at amortised cost for which there is objective evidence of impairment, impairment loss is measured as the difference between the securities' carrying amount and the present value of the estimated future cash flows discounted at the securities' original effective interest rate. The amount of the impairment loss is recognised in the income statement or revenue account.

Subsequent reversal of impairment loss is recognised when the decrease can be objectively related to an event occurring after the impairment was recognised, to the extent that the securities' carrying amount does not exceed its amortised cost if no impairment had been recognised. The reversal is recognised in the income statement or revenue account.

For securities carried at cost, impairment loss is measured as the difference between the securities' carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for similar securities. The amount of impairment loss is recognised in the income statement or revenue account and such impairment losses are not reversed subsequent to its recognition.

(ii) Available-for-sale securities

Impairment losses on available-for-sale securities are recognised by transferring the difference between the amortised acquisition cost and the current fair value from equity to the income statement or revenue account, even though the securities have not been derecognised. The cumulative impairment loss is measured as the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss previously recognised in the income statement or revenue account.

Impairment losses recognised on investments in equity instruments classified as available-for-sale are not reversed subsequent to its recognition. Reversal of impairment losses on debt instruments classified as available-for-sale are recognised in the income statement or revenue account if the increase in fair value can be objectively related to an event occurring after the recognition of the impairment loss in the income statement or revenue account.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010 (CONTINUED)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of Significant Accounting Policies (continued)

(g) Impairment of assets (continued)

(iii) Other 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.

(h) 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.

(i) Cash and cash equivalents

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

(j) Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services rendered at transaction date.

(k) Provisions

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

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010 (CONTINUED)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of Significant Accounting Policies (continued)

(l) Borrowings

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

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

(m) Share capital

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

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

(n) Contingent liabilities and contingent assets

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

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

(o) 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 to the state pension scheme, the Employees Provident Fund ("EPF").

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010 (CONTINUED)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of Significant Accounting Policies (continued)

(o) Employee benefits (continued)

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

(p) 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 and related regulations by the Company's Appointed Actuary.

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

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

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010 (CONTINUED)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of Significant Accounting Policies (continued)

(p) Life insurance underwriting results (continued)

Provision for claims (continued)

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

- (a) maturity or other policy benefit payments due on specified dates are treated as claims payable on the due dates; and
- (b) death, surrender and other benefits without due dates are treated as claims payable, on the date of receipt of intimation of death of the assured or occurrence of contingency covered.

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

(q) Other revenue recognition

Interest income on loans is recognised on an accrual basis except where a loan is considered non-performing, where repayments are in arrears for more than six months, in which case recognition of such interest is suspended. Subsequent to suspension, interest is recognised on the receipt basis until all arrears have been paid.

Rental income is recognised on an accrual basis except where default in payment of rent has already occurred and rent due remains outstanding for more than six months, in which case recognition of rental income is suspended. Subsequent to suspension, income is recognised on the receipt basis until all arrears have been paid.

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

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

(r) 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. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010 (CONTINUED)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of Significant Accounting Policies (continued)

(r) Income taxes (continued)

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.

(s) Foreign currencies

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

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

(t) Financial instruments

Description

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.

A financial asset is any asset that is cash, a contractual right to receive cash or another financial assets from another enterprise, a contractual right to exchange financial instruments with another enterprise under conditions that are potentially favourable, or an equity instrument of another enterprise.

A financial liability is any liability that is a contractual obligation to deliver cash or other financial asset to another enterprise, or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable.

Fair value estimation for disclosure purposes

The fair value of publicly traded financial instruments is based on quoted market prices at the balance sheet date.

In assessing the fair value of other financial instruments, the Company uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Techniques such as estimated discounted value of future cash flows, are used to determine fair value. In particular, the fair value of financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate available to the Company for similar financial instruments.

The carrying values for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010 (CONTINUED)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of Significant Accounting Policies (continued)

(u) Life insurance liabilities

Life insurance liabilities are recognised when insurance contracts are entered into and premiums are charged.

Prior to 1 April 2009, the principles on which the valuation was made were determined by the Appointed Actuary having regard to the Insurance Regulations, 1996. In the case of life policies where the minimum valuation basis is specified under the Insurance Regulations, 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 ("SVMT") 1996 ultimate mortality table. The rate of interest assumed was 4% per annum for regular premium policies and 4.5% for single premium policies.

For investment-linked policies, the non-unit net liability was taken as the unearned amount of insurance charges for the insurance benefit appropriately loaded to the minimum of the SVMT 1996 mortality table. In addition, provision was made for future expenses by taking the difference between the present value of future commissions and agency related expenses and the present value of unallocated premiums and the bid-offer spread. The mortality basis assumed was the SVMT 1996 table, interest rate at 6% and withdrawal rates at BNM's maximum allowable rates.

With effect from 1 April 2009, liabilities of insurance business are determined in accordance to BNM's RBC Framework for Insurers. In general, the life insurance liabilities have been valued using a prospective actuarial valuation based on the sum of the present value of future guaranteed and in the case of a participating life policy, appropriate level of non-guaranteed benefits, and the expected future management and distribution expenses, less the present value of future gross considerations arising from the policy discounted at the appropriate risk discount rate, also known as Gross Premium Valuation method.

The change in the valuation basis for insurance liabilities has resulted in prospective adjustments within the components of the life policyholders' fund as disclosed in note 18 to the financial statements.

The liability in respect of policies of a participating insurance fund is taken as the higher liability value derived at the fund level:

- (i) where only the guaranteed benefits are considered, by discounting all cash flows at the pre-tax risk-free discount rate; or

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NOTES TO THE FINANCIAL STATEMENTS
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2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of Significant Accounting Policies (continued)

(u) Life insurance liabilities (continued)

- (ii) where total guaranteed and non-guaranteed benefits are considered, by discounting all cash flows at after-tax fund-based yield of the participating fund. The level of discretionary benefits to be valued was determined in a manner consistent with the fund-based yield selected as the discount rate, sales practices and illustrations and with due regard to the insurer's regulatory duty to treat its policyholders fairly and meeting policyholders' reasonable expectations. For a participating life policy sold on or after 1 July 2005, the level of discretionary benefits assumed, including vesting terminal bonus, was based on the bonus scale as supportable by the most recent asset share study or any prevailing regulatory requirement as at the valuation date.

In determining liability of a non-participating policy, all cash flows were discounted at the pre-tax risk-free discount rate.

The expected future cash flows were determined using best estimate assumptions with due regard to significant recent experience. An appropriate allowance for provision of risk margin for adverse deviation from expected experience was used in the valuation of non-participating life policies and the guaranteed benefits liabilities of participating life policies (item (i) above). For other policies where the nature of benefit suggested that the valuation basis described above is not applicable, a reserve was set up such that this reserve together with future premiums would be sufficient to meet the future policy liabilities.

For investment-linked policies, a matched position has been maintained in respect of unit liability of an investment-linked fund and the value of the unit liability has been taken as the Net Asset Value of the matched units as at the valuation date. The valuation of the non-unit liabilities was conducted using cash flow projection method. The liability is valued by projecting future cash flows to ensure that all future outflows can be met without recourse to additional finance or capital support at any future time during the duration of the investment-linked policy. The cash flow projection was conducted using best estimate assumptions with the appropriate allowance for provision of risk margin for adverse deviation from expected experience. All cash flows are discounted at the pre-tax risk-free discount rate.

The change in the valuation basis has resulted in the following adjustments and reclassifications within the components of the life policyholders' fund:

	As previously reported	Change in accounting policy/ reclassification	As restated
	RM'000	RM'000	RM'000
As at 1 April 2009			
Actuarial liabilities	1,208,820	(426,763)	782,057
Unallocated surplus	50,322	84,195	134,517
Investment-linked fund	-	333,273	333,273
Revaluation reserves	-	9,565	9,565
Available-for-sale reserves	-	254	254
	<u>1,259,142</u>	<u>524</u>	<u>1,259,666</u>

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NOTES TO THE FINANCIAL STATEMENTS
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2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

The main assumptions used relate to mortality, morbidity, longevity, investment returns, expenses, lapse and surrender rates and discount rates. The Company bases mortality and morbidity on established industry and Malaysian tables which reflect historical experiences, adjusted when appropriate to reflect the Company's unique risk exposure, product characteristics, target markets and own claims severity and frequency experiences. For those contracts that insure risk to longevity, prudent allowance is made for expected future mortality improvements.

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

Assumptions on future expenses are based on current expense level, adjusted for expected expense inflation adjustments, if appropriate.

Lapse and surrender rates are based on the Company's historical of lapses and surrenders.

Discount rate for non-participating policies guaranteed benefits of participating policies and the non-unit liability of investment-linked policies accord a level of guarantee which is no less certain than that accorded by a Malaysian Government Security ("MGS"). In the case of total benefits liabilities of participating policies, the discount rate is based on the historical yield and future investment outlook of the participating fund, net of tax on investment income of the life fund.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010 (CONTINUED)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Critical accounting estimates and judgements (continued)

(i) Liabilities of insurance business (continued)

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

2.4 Critical judgement in applying the Company's accounting policies

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

3 PROPERTY, PLANT AND EQUIPMENT

Shareholder's fund

	<u>Freehold land</u> RM'000	<u>Building</u> RM'000	<u>Total</u> RM'000
<u>At valuation</u>			
At 1 April 2009	1,200	600	1,800
Disposal	(1,200)	(600)	(1,800)
At 31 March 2010	-	-	-
<u>Accumulated depreciation</u>			
At 1 April 2009	-	36	36
Depreciation	-	11	11
Disposals	-	(47)	(47)
At 31 March 2010	-	-	-
<u>Net book value</u>			
At 31 March 2010	-	-	-

Shareholder's fund

	<u>Freehold land</u> RM'000	<u>Building</u> RM'000	<u>Total</u> RM'000
<u>At valuation</u>			
At 1 April 2008	1,200	600	1,800
<u>Accumulated depreciation</u>			
At 1 April 2008	-	18	18
Depreciation charge	-	18	18
At 31 March 2009	-	36	36
<u>Net book value</u>			
At 31 March 2009	1,200	564	1,764

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010 (CONTINUED)

3 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Life fund

	Freehold land	Freehold building	Furniture, fixtures, fittings and office equipment	Motor vehicles	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Cost/valuation</u>					
At 1 April 2009	7,850	4,368	15,025	728	27,971
Additions	-	-	898	4	902
Disposals	-	-	(161)	(92)	(253)
Elimination of accumulated depreciation	-	(264)	-	-	(264)
Revaluation (reversal)/surplus	(2,050)	1,356	-	-	(694)
At 31 March 2010	5,800	5,460	15,762	640	27,662
<u>Accumulated depreciation</u>					
At 1 April 2009	-	179	12,178	102	12,459
Depreciation charge	-	85	1,348	96	1,529
Elimination of accumulated depreciation	-	(264)	-	-	(264)
Disposals	-	-	(157)	(27)	(184)
At 31 March 2010	-	-	13,369	171	13,540
<u>Net book value</u>					
At 31 March 2010	5,800	5,460	2,393	469	14,122

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010 (CONTINUED)

3 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Life fund

	Freehold land	Freehold building	Furniture, fixtures, fittings and office equipment	Motor vehicles	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Cost/valuation</u>					
At 1 April 2008	7,850	4,368	13,288	1,546	27,052
Additions	-	-	2,081	-	2,081
Disposals	-	-	(344)	(818)	(1,162)
At 31 March 2009	7,850	4,368	15,025	728	27,971
<u>Accumulated depreciation</u>					
At 1 April 2008	-	86	10,961	461	11,508
Depreciation charge	-	93	1,402	230	1,725
Disposals	-	-	(185)	(589)	(774)
At 31 March 2009	-	179	12,178	102	12,459
<u>Net book value</u>					
At 31 March 2009	7,850	4,189	2,847	626	15,512

- (a) The land and building were revalued in 2010 based on open market values of the properties on existing use basis carried out by an independent professional valuer, Knight Frank, Registered Valuer (V-335). The valuation of these properties was adopted by the Directors on 31 March 2010.
- (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 RM NIL (2009: RM1,422,000) and RM1,839,651 (2009: RM1,904,809) respectively for the Shareholder's fund and Life fund.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010 (CONTINUED)

4 INTANGIBLE ASSETS

Life fund

	2010	2009
	RM'000	RM'000
<u>Net book value</u>		
At beginning of financial year	1,217	216
Additions	2,224	1,094
Amortisation charge	(414)	(93)
At end of financial year	<u>3,027</u>	<u>1,217</u>
<u>At 31 March</u>		
Cost	3,678	1,454
Accumulated amortisation	(651)	(237)
Net book value	<u>3,027</u>	<u>1,217</u>

5 INVESTMENT PROPERTIES

Life fund

	2010	2009
	RM'000	RM'000
<u>Valuation</u>		
At beginning of financial year	8,200	8,200
Fair value gain	1,300	-
At end of financial year	<u>9,500</u>	<u>8,200</u>
Comprising:		
- Leasehold buildings	<u>9,500</u>	<u>8,200</u>
	<u>9,500</u>	<u>8,200</u>

The investment properties were valued in 2010 at fair value based on open market values of the properties on the existing use basis carried out by an independent qualified valuer, Knight Frank, Registered Valuer (V-335). The valuation of these properties was adopted by the Directors on 31 March 2010.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010 (CONTINUED)

6 PREPAID LAND LEASE PAYMENT

Life fund

	2010	2009
	RM'000	RM'000
<u>Net book value</u>		
At beginning of the financial year	259	262
Amortisation charge	(3)	(3)
At end of financial year	<u>256</u>	<u>259</u>
<u>At 31 March</u>		
Cost	265	265
Accumulated amortization	(9)	(6)
At end of financial year	<u>256</u>	<u>259</u>

7 INVESTMENTS

Shareholder's fund

	2010		2009	
	Carrying	Market	Carrying	Market
	value	value	value	value
	RM'000	RM'000	RM'000	RM'000
Quoted in Malaysia:				
Shares/warrants, at cost	-		13,650	
Allowance for diminution in value	-		(5,405)	
	<u>-</u>		<u>8,245</u>	8,245
Real estate investment trust, at cost	-		496	
Allowance for diminution in value	-		(99)	
	<u>-</u>	<u>-</u>	<u>397</u>	397
Unquoted in Malaysia:				
Corporate debt securities, at cost	-		9,827	
Accretion of discounts net of amortisation of premiums	-		865	
	<u>-</u>		<u>10,692</u>	
Fixed and call deposits with: Licensed banks	<u>30,559</u>		<u>73,727</u>	
TOTAL INVESTMENTS- SHAREHOLDER'S FUND	<u>30,559</u>		<u>93,061</u>	

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010 (CONTINUED)

7 INVESTMENTS (CONTINUED)

Life fund

Non Investment-linked fund

	2010		2009	
	Carrying value	Market value	Carrying value	Market Value
	RM'000	RM'000	RM'000	RM'000
Malaysian Government Securities:				
Malaysian Government Securities, at cost	-		80,012	
Amortisation of premiums net of accretion of discounts	-		(404)	
	-	-	79,608	81,574
Quoted in Malaysia:				
Shares/warrants, at cost	-		112,921	
Allowance for diminution in value	-		(30,139)	
	-	-	82,782	82,782
Quoted outside Malaysia:				
Shares/warrants, at cost	-		35,903	
Allowance for diminution in value	-		(9,671)	
	-	-	26,232	26,232
Real estate investment trust, at cost	-		19,769	
Allowance for diminution in value	-		(5,396)	
	-	-	14,373	14,373
Unquoted in Malaysia:				
Corporate debt securities, at cost	-		521,438	
Accretion of discounts net of amortisation of premiums	-		8,664	
Allowance for diminution in value	-		(1,073)	
	-	-	529,029	

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010 (CONTINUED)

7 INVESTMENTS (CONTINUED)

Life fund (continued)

Non Investment-linked fund (continued)

	2010		2009	
	Carrying Value	Market value	Carrying Value	Market value
	RM'000	RM'000	RM'000	RM'000
Shares, at cost	-		2,160	
Allowance for diminution in value	-		(55)	
	-		2,105	
Fixed and call deposits with:				
Licensed banks	288,060		151,328	
Other licensed financial institutions	79,181		41,165	
	367,241		192,493	
TOTAL INVESTMENTS- NON INVESTMENT-LINKED FUND	367,241		926,622	

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

	Shareholder's fund		Life fund	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Maturing within 12 months	30,559	73,727	363,043	218,252
Maturing after 12 months	-	10,692	4,198	582,878
	30,559	84,419	367,241	801,130

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010 (CONTINUED)

7 INVESTMENTS (CONTINUED)

Life fund (continued)
Investment-linked fund

	<u>2010</u>	<u>2009</u>
	Carrying value	Carrying value
	RM'000	RM'000
Quoted in Malaysia:		
Shares/warrants, at cost	-	14,089
Unrealised capital (loss)/gain	-	(1,148)
At market value	<u>-</u>	<u>12,941</u>
Quoted outside Malaysia:		
Shares/warrants, at cost	-	6,253
Unrealised capital loss	-	(2,205)
At market value	<u>-</u>	<u>4,048</u>
Unquoted in Malaysia:		
Corporate debt securities, at cost	-	16,213
Amortisation of premiums net of accretion of discounts	-	-
Unrealised capital loss	-	(200)
At indicative market value	<u>-</u>	<u>16,013</u>
Unit trusts:		
Unit trusts, at cost	-	136,530
Unrealised capital loss	-	(56,995)
	<u>-</u>	<u>79,535</u>
Structured investments:		
Structured investments, at cost	-	200,797
Unrealised capital loss	-	(3,354)
	<u>-</u>	<u>197,443</u>
Fixed and call deposits with:		
Licensed banks	7,660	8,149
Other licensed financial institutions	5,851	11,095
	<u>13,511</u>	<u>19,244</u>
TOTAL INVESTMENTS- INVESTMENT-LINKED FUND	<u>13,511</u>	<u>329,224</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010 (CONTINUED)

7 INVESTMENTS (CONTINUED)

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

	Investment-linked fund	
	2010	2009
	RM'000	RM'000
Maturing within 12 months	10,363	98,568
Maturing after 12 months	3,148	134,132
	<u>13,511</u>	<u>232,700</u>

8 SECURITIES AVAILABLE-FOR-SALE

Securities available-for-sale comprise:

	Shareholder's fund		Life fund	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Malaysian Government Securities	24,983	-	75,646	-
Corporate debt securities	93,696	-	511,994	-
Equity securities	-	-	2,103	-
Total securities available-for-sale	<u>118,679</u>	<u>-</u>	<u>589,743</u>	<u>-</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010 (CONTINUED)

9 SECURITIES HELD-FOR-TRADING

Securities held-for-trading comprise:

	Shareholders' fund		Life fund Non Investment-linked fund	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
	RM'000	RM'000	RM'000	RM'000
Equity securities	3,444	-	80,766	-
Collective investment schemes	-	-	13,679	-
	<u>3,444</u>	<u>-</u>	<u>94,445</u>	<u>-</u>

	Life fund Investment-linked funds	
	<u>2010</u>	<u>2009</u>
	RM'000	RM'000
Corporate debt securities	12,775	-
Equity securities	37,175	-
Collective investment schemes	99,581	-
Structured investment products	114,965	-
	<u>264,496</u>	<u>-</u>

10 SECURITIES HELD-TO-MATURITY

Securities held-to-maturity comprise:

	Life fund Non Investment-linked fund	
	<u>2010</u>	<u>2009</u>
	RM'000	RM'000
Malaysian Government Securities	20,124	-
Amortisation of premiums	(71)	-
	<u>20,053</u>	<u>-</u>
Corporate debt securities	259,585	-
Accretion of discounts	2,478	-
	<u>262,063</u>	<u>-</u>
Total securities held-to-maturity	<u>282,116</u>	<u>-</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010 (CONTINUED)

10 SECURITIES HELD-TO-MATURITY (CONTINUED)

The maturity structure of Malaysian Government Securities and corporate debt securities as at the balance sheet date is as follows:

	Life fund	
	2010 RM'000	2009 RM'000
Investments maturing within 12 months	-	-
Investments maturing after 12 months	282,116	-
	<u>282,116</u>	<u>-</u>

11 LOANS

	Shareholder's fund		Life fund	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Policy loans	-	-	17,789	15,506
Secured loans	2,000	2,000	43,000	43,000
Secured staff loans	-	-	411	697
	<u>2,000</u>	<u>2,000</u>	<u>61,200</u>	<u>59,203</u>
Receivable within 12 months	-	-	17,854	15,590
Receivable after 12 months	<u>2,000</u>	<u>2,000</u>	<u>43,346</u>	<u>43,613</u>
	<u>2,000</u>	<u>2,000</u>	<u>61,200</u>	<u>59,203</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010 (CONTINUED)

12 RECEIVABLES

	Shareholder's fund		Life fund	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Trade:				
Outstanding premiums including agents and brokers balances	-	-	3,969	2,753
Amounts due from reinsurers	-	-	6,973	2,180
Allowance for doubtful debts	-	-	(106)	(109)
	-	-	10,836	4,824
Others:				
Income due and accrued	1,155	233	18,144	13,290
Other receivables, deposits and prepayment	256	465	29,751	3,683
Amount due from Investment- linked funds (note 25)	-	-	432	914
Amount due from Life fund (note 15)	24,209	53,801	-	-
Allowance for doubtful debts	-	-	(118)	(118)
	25,620	54,499	48,209	17,769
TOTAL RECEIVABLES	25,620	54,499	59,045	22,593

13 CASH AND CASH EQUIVALENTS

	2010	2009
	RM'000	RM'000
Cash and bank balances:		
Shareholder's fund	148	140
Life fund	13,180	18,870
Investment-linked fund (note 25)	153	190
	13,481	19,200

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14 PROVISION FOR OUTSTANDING CLAIMS

	Life fund	
	2010	2009
	RM'000	RM'000
Provision for outstanding claims	45,464	13,604
Less: Recoverable from reinsurers	(3,268)	(2,262)
Net outstanding claims	<u>42,196</u>	<u>11,342</u>

15 PAYABLES

	Shareholder's fund		Life fund	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Trade:				
Amounts due to reinsurers	-	-	8,993	1,867
Amounts due to agents /brokers and insureds	-	-	5,732	4,368
	<u>-</u>	<u>-</u>	<u>14,725</u>	<u>6,235</u>
Others:				
Other payables and accruals	658	761	154,745	65,619
Amount due to Shareholder's fund (note 12)	-	-	24,209	53,801
	<u>658</u>	<u>761</u>	<u>178,954</u>	<u>119,420</u>
TOTAL PAYABLES	<u>658</u>	<u>761</u>	<u>193,679</u>	<u>125,655</u>

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NOTES TO THE FINANCIAL STATEMENTS
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16 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	
	2010 RM'000	2009 RM'000
Deferred tax assets		
- subject to income tax	-	3,345
Deferred tax liabilities		
- subject to income tax	(341)	-
At beginning of financial year	3,345	3,839
Changes in accounting policy (note 2.2 (f))	(22)	-
At beginning of financial year, adjusted	3,323	3,839
(Charged) / credited to income statement (note 24):		
- investments	(1,438)	93
- tax losses	(2,185)	(587)
	(3,623)	(494)
Charged to equity	(41)	-
At end of financial year	(341)	3,345
Subject to income tax:		
Deferred tax assets (before offsetting)		
- investments	1	1,376
- tax losses	-	2,185
	1	3,561
Offsetting	(1)	(216)
Deferred tax asset (after offsetting)	-	3,345
Subject to income tax:		
Deferred tax liabilities (before offsetting)		
- investments	(342)	(216)
Offsetting	1	216
Deferred tax liabilities (after offsetting)	(341)	-

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010 (CONTINUED)

16 DEFERRED TAX (CONTINUED)

	<u>Life fund</u>	
	<u>Non Investment-linked fund</u>	<u>2009</u>
	2010	2009
	RM'000	RM'000
Deferred tax assets		
- subject to income tax	-	2,994
Deferred tax liabilities		
- subject to income tax	(1,198)	-
At beginning of financial year	2,994	904
Changes in accounting policy (note 2.2 (f))	(22)	-
At beginning of financial year, adjusted	2,972	904
(Charged) / credited to revenue account (note 24):		
- investments properties	(746)	-
- property, plant and equipment	12	727
- investments	(3,538)	1,363
	(4,272)	2,090
Credited to equity:	102	-
At end of financial year	(1,198)	2,994
Subject to income tax:		
Deferred tax assets (before offsetting)		
- investments	489	3,740
- property, plant and equipment	31	10
	520	3,750
Offsetting	(520)	(756)
Deferred tax assets (after offsetting)	-	2,994
Subject to income tax:		
Deferred tax liabilities (before offsetting)		
- investments	(951)	(636)
- property, plant and equipment	(71)	(62)
- investment properties	(696)	(58)
	(1,718)	(756)
Offsetting	520	756
Deferred tax liabilities (after offsetting)	(1,198)	-

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16 DEFERRED TAX (CONTINUED)

	<u>Life fund</u>	
	<u>Investment-linked fund</u>	
	<u>2010</u>	<u>2009</u>
	<u>RM'000</u>	<u>RM'000</u>
Deferred tax assets		
- Subject to income tax	2,728	5,062
Deferred tax liabilities		
- Subject to income tax	(644)	(8)
	<u>2,084</u>	<u>5,054</u>
As at beginning of the financial year	5,054	2,121
Charged to income statement (note 25):		
- investments	(2,970)	2,933
As at end of the financial year	<u>2,084</u>	<u>5,054</u>
<u>Subject to income tax:</u>		
Deferred tax assets		
- investments	2,728	5,062
Offsetting	-	-
Deferred tax assets (after offsetting)	<u>2,728</u>	<u>5,062</u>
<u>Subject to income tax:</u>		
Deferred tax liabilities (before offsetting):		
- investments	(644)	(8)
Offsetting	-	-
Deferred tax liabilities (after offsetting)	<u>(644)</u>	<u>(8)</u>

17 SUBORDINATED TERM LOAN

	<u>Shareholders' fund</u>	
	<u>2010</u>	<u>2009</u>
	<u>RM'000</u>	<u>RM'000</u>
Subordinated term loan	<u>53,000</u>	<u>53,000</u>

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

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NOTES TO THE FINANCIAL STATEMENTS
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17 SUBORDINATED TERM LOAN (CONTINUED)

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

Interest expense on the loan, amounting to RM2,308,273 (2009: RM216,000), is reported within finance cost in the income statement.

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

18 LIFE POLICYHOLDERS' FUND

Based on the actuarial valuation of the Life fund made up to 31 March 2010, the appointed actuary of the Company was satisfied that the assets available in the Life fund are sufficient to meet its long term liabilities to policyholders.

	2010	2009
	RM'000	RM'000
Life policyholders' fund at end of financial year:		
Actuarial liabilities	1,052,091	1,208,820
Unallocated surplus	193,200	50,322
	<u>1,245,291</u>	<u>1,259,142</u>
Investment-linked fund	280,961	-
Asset revaluation reserves	8,871	-
Available-for-sale reserves	(284)	-
	<u>1,534,839</u>	<u>1,259,142</u>
<u>Actuarial liabilities</u>		
At beginning of financial year	1,208,820	1,174,687
Changes in accounting policy		
- Effect of adoption of RBC (note 2.2 (u))	(426,763)	-
At beginning of financial year, restated	<u>782,057</u>	<u>1,174,687</u>
Add: Increase in policy reserves	270,034	14,280
Less: Bonus allocated to policyholders, including interim bonus from normal surplus	-	20,444
Less: Interim bonus	-	(591)
At end of financial year	<u>1,052,091</u>	<u>1,208,820</u>
<u>Unallocated surplus</u>		
At beginning of financial year	50,322	76,129
Changes in accounting policy		
- Effect of adoption of RBC (note 2.2 (u))	84,195	-
At beginning of financial year, restated	<u>134,517</u>	<u>76,129</u>
Add: Surplus arising during the financial year	106,598	(2,363)
Less: Bonus allocated to policyholders, including interim bonus from normal surplus	(19,915)	(20,444)
Net surplus arising during the financial year	86,683	(22,807)
Transfer to Income Statement	(28,000)	(3,000)
At end of financial year	<u>193,200</u>	<u>50,322</u>

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18 LIFE POLICYHOLDERS' FUND (CONTINUED)

	2010	2009
	RM'000	RM'000
<u>Investment-linked Fund</u>		
At beginning of financial year	-	-
Changes in accounting policy		
- Reclassification effect of adoption of RBC (note 2.2 (u))*	333,273	-
At beginning of financial year, restated	333,273	-
Less: Deficit arising during the financial year	(52,312)	-
At end of financial year	<u>280,961</u>	<u>-</u>
<u>Revaluation reserves</u>		
At beginning of financial year	-	-
Changes in accounting policy		
- Reclassification effect of adoption of RBC (note 2.2 (u))*	9,565	-
At beginning of financial year, restated	9,565	-
Less: Reversal of revaluation surplus	(694)	-
At end of financial year	<u>8,871</u>	<u>-</u>
<u>Available-for-sale reserves</u>		
At beginning of financial year	-	-
Changes in accounting policy		
- Reclassification effect of adoption of RBC (note 2.2 (u))*	254	-
At beginning of financial year, restated	254	-
Less: Decrease in fair value of securities available-for-sale	(538)	-
At end of financial year	<u>(284)</u>	<u>-</u>

* These balances formed part of the actuarial liabilities as of the previous balance sheet date, and have been reclassified and disclosed separately upon adoption of RBC.

19 SHARE CAPITAL

	Shareholder's fund	
	2010	2009
	RM'000	RM'000
Authorised issued and paid up share capital:		
At beginning / end of financial year	<u>125,000</u>	<u>125,000</u>

20 OPERATING REVENUE

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

	2010	2009
	RM'000	RM'000
Gross premium	411,065	222,590
Investment income:		
- Shareholder's fund (note 22)	3,785	1,885
- Life fund (note 22)	50,483	47,090
- Investment-linked funds (note 25)	<u>5,329</u>	<u>4,458</u>

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470,662

276,023

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NOTES TO THE FINANCIAL STATEMENTS
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21 MANAGEMENT EXPENSES

	Shareholder's fund		Life fund	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Staff salaries and bonus	-	-	16,595	14,371
Defined contribution plans	-	-	2,255	2,023
Others	113	113	1,419	1,234
Staff costs	113	113	20,269	17,628
Non-executive Directors' remuneration	310	310	-	-
Auditors' remuneration	6	6	185	186
Rental of offices paid to third parties	-	-	613	-
Depreciation of property, plant and equipment	11	18	1,529	1,725
Amortisation of intangible asset	-	-	414	93
Amortisation of prepaid land lease payment	-	-	3	3
Training expenses	-	-	3,102	2,406
Printing and stationery	-	-	931	331
Postage, telephone, telax and telefax	-	-	1,107	804
EDP expenses	-	-	574	477
Bad debt written off	-	-	-	-
Writeback of doubtful debts	-	-	(1)	(62)
Other expenses	420	55	12,516	11,499
	<u>747</u>	<u>389</u>	<u>20,973</u>	<u>17,462</u>
	<u>860</u>	<u>502</u>	<u>41,242</u>	<u>35,090</u>

Included in staff costs of the Life fund is RM 65,000 (2009: RM56,073) 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 RM921,665 (2009: RM717,757).

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NOTES TO THE FINANCIAL STATEMENTS
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21 MANAGEMENT EXPENSES (CONTINUED)

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

Non-executive Directors

Board Members

Category of Directorship

Lee Chin Yong (Deputy Chairman)	Non-Independent Director
Dato' Sri Haji Mohd Khamil bin Jamil (appointed on 26 October 2009)	Non-Independent Director
Dato' Dr. Mohd. Shahari bin Ahmad Jabar	Independent Director
Dato' Khalid bin Abdol Rahman	Non-Independent Director
Lee Siang Korn @ Lee Siang Chin	Independent Director
Yeong Chee Wah	Independent Director
Chan Kok Seong	Non-Independent Director
Toi See Jong	Non-Independent Director
YAM Tan Sri Dato' Seri Syed Anwar Jamalullail (resigned on 1 July 2009)	Independent Director

22 INVESTMENT INCOME

	Shareholder's fund		Life fund	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Interest from:				
- Malaysian Government				
Securities	-	-	3,687	3,881
- policy loans	-	-	1,862	1,798
- fixed and call deposits	1,350	610	5,806	5,672
- corporate debt securities	1,807	366	30,949	23,392
- secured staff loans	-	-	2,580	30
- secured loan	119	120	22	2,580
Accretion of discounts net of amortisation of premiums	237	220	3,428	2,818
Gross dividends:				
- quoted shares in Malaysia	252	451	3,191	5,890
- unquoted shares in Malaysia	-	-	14	-
- quoted shares in outside Malaysia	-	-	1,539	523
Gross rental income	20	120	305	1,300
Less: Rates and maintenance for investment properties	-	(2)	(181)	(794)
Less: Investment related expenses	-	-	(2,719)	-
	<u>3,785</u>	<u>1,885</u>	<u>50,483</u>	<u>47,090</u>

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FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010 (CONTINUED)

23 OTHER OPERATING INCOME/(EXPENSES)– NET

	Shareholder's fund		Life fund	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
(Loss)/gain on disposal of investments	(1,836)	(2,530)	16,001	(39,334)
Allowance for diminution in value of investment	-	(755)	-	(17,425)
Profit/(loss) on disposal of property, plant and equipment	1,091	-	(13)	(55)
Realised exchange (loss)/ gain	-	-	(24)	2
Unrealised exchange loss	-	-	(504)	-
Fair value gain from securities held for trading	5,481	-	45,377	-
Net impairment on securities	-	-	(3,538)	-
Fair value gain on investment properties	-	-	1,300	-
Other income	-	-	186	82
Investment-linked fund management fee	-	-	1,113	1,028
OTHER OPERATING INCOME/(EXPENSES) - NET	4,736	(3,285)	59,898	(55,702)

24 TAXATION

	Shareholder's fund		Life fund	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Current tax	3,957	1	5,442	(1,889)
Deferred tax (note 16)	3,623	494	4,272	(2,090)
	<u>7,580</u>	<u>495</u>	<u>9,714</u>	<u>(3,979)</u>
<u>Current tax</u>				
Current year	3,894	1	5,059	171
Under/(over) provision in prior years	63	-	383	(2,060)
<u>Deferred tax</u>				
Origination and reversal of temporary differences	3,623	494	4,272	(2,090)
	<u>7,580</u>	<u>495</u>	<u>9,714</u>	<u>(3,979)</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010 (CONTINUED)

24 TAXATION (CONTINUED)

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

	<u>2010</u>	<u>2009</u>
	RM'000	RM'000
Numerical reconciliation between taxation and the product of accounting profit multiplied by the Malaysian tax rate*		
Profit before taxation	<u>33,353</u>	<u>882</u>
Taxation calculated at the Malaysian tax rate of 25%	8,338	221
Tax effect of:		
- income not subject to tax	-	(38)
- expenses not deductible for tax purposes	583	125
- Section 110B credit	(1,341)	-
- impact of changes in tax rate	<u>-</u>	<u>187</u>
	<u>7,580</u>	<u>495</u>

The taxation charge in the income statement of the Company relates to income attributable to the Shareholders' fund.

The taxation charge on the Life fund is based on the method prescribed under the Income Tax Act, 1967 for life business, where the income tax in the Life fund is calculated at 8% on investment income.

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25 INVESTMENT-LINKED FUND

	2010 RM'000	2009 RM'000
BALANCE SHEET		
ASSETS		
Investments (note 7)	13,511	329,224
Securities – Held for trading (note 9)	264,496	-
Interest income due and accrued	338	260
Receivables	141	-
Tax recoverable	693	407
Deferred tax assets (note 16)	2,728	5,062
Cash and cash equivalents (note 13)	153	190
	<u>282,060</u>	<u>335,143</u>
LIABILITIES		
Amount due to Life fund (note 12)	432	914
Payables	25	147
Deferred tax liabilities (note 16)	644	8
	<u>1,101</u>	<u>1,069</u>
NET ASSET VALUE OF FUNDS	<u>280,959</u>	<u>334,074</u>
REPRESENTED BY:		
UNITHOLDERS' ACCOUNT		
At beginning of financial year	334,074	371,761
Creation of units	34,812	38,535
Cancellation of units	(133,534)	(43,832)
Net surplus/(deficit) for the financial year after taxation	45,607	(32,390)
At end of the financial year	<u>280,959</u>	<u>334,074</u>
	<u>2010</u> RM'000	<u>2009</u> RM'000
STATEMENT OF INCOME AND EXPENDITURE		
Investment income (note 22)	5,329	4,458
Other operating income/(expense) –net	46,400	(37,074)
Management expenses	(2,273)	(2,116)
Surplus/(deficit) for the financial year before taxation	<u>49,456</u>	<u>(34,732)</u>
Taxation:		
- current tax	(879)	(591)
- deferred tax (note 16)	(2,970)	2,933
Net surplus/(deficit) for the financial year after taxation	<u>45,607</u>	<u>(32,390)</u>

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NOTES TO THE FINANCIAL STATEMENTS
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26 EARNINGS PER SHARE

The earnings per ordinary share have been calculated based on the net profit for the financial year of RM25,773,000 (2009: (RM387,000)) and the weighted average number of ordinary shares in issue during the financial year of 125 million (2009: 125 million).

27 CASH FLOW SEGMENT INFORMATION

	Shareholder's fund	Life fund	Investment- linked fund	Total
	RM'000	RM'000	RM'000	RM'000
<u>2010</u>				
Cash (outflows)/inflows from:				
Operating activities	(2,229)	(2,646)	(37)	(4,912)
Investing activities	2,237	(3,044)	-	(807)
Financing activities	-	-	-	-
	<u>8</u>	<u>(5,690)</u>	<u>(37)</u>	<u>(5,719)</u>
Net increase/(decrease) in cash and cash equivalents:	8	(5,690)	(37)	(5,719)
Cash and cash equivalents:				
At beginning of the financial Year	140	18,870	190	19,200
At end of the financial year	<u>148</u>	<u>13,180</u>	<u>153</u>	<u>13,481</u>
<u>2009</u>				
Cash (outflows)/inflows from:				
Operating activities	(54,785)	861	55	(53,869)
Investing activities	-	(2,841)	-	(2,841)
Financing activities	53,000	-	-	53,000
	<u>(1,785)</u>	<u>(1,980)</u>	<u>55</u>	<u>(3,710)</u>
Net (decrease)/increase in cash and cash equivalents:	(1,785)	(1,980)	55	(3,710)
Cash and cash equivalents:				
At beginning of the financial year	1,925	20,850	135	22,910
At end of the financial year	<u>140</u>	<u>18,870</u>	<u>190</u>	<u>19,200</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010 (CONTINUED)

28 CAPITAL COMMITMENTS

	2010	2009
	RM'000	RM'000
Capital commitments for property, plant and equipment Approved by Directors but not provided for in the financial statements:		
Contracted for	<u>3,003</u>	<u>3,603</u>

29 RELATED PARTY DISCLOSURES

(a) Related parties and relationship

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions and balances. In the normal course of business, the Company undertakes various transactions with other companies deemed related parties by virtue of them being members of DRB-Hicom Berhad group of companies ("DRB-HICOM Group") and other related parties on terms and conditions no more favourable than those obtainable on similar transactions with unrelated parties.

<u>Related companies</u>	<u>Country of incorporation</u>	<u>Relationship</u>
DRB-HICOM Berhad	Malaysia	Ultimate holding company
Uni.Asia Capital Sdn Bhd	Malaysia	Immediate holding company
<u>Affiliated company</u>		
United Overseas Bank Berhad	Malaysia	Substantial shareholder of the immediate holding company
Key management personnel		Key management personnel are those people defined as having authority and responsibility for planning, directing and controlling the activities of the Company, either directly or indirectly.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010 (CONTINUED)

29 RELATED PARTY DISCLOSURES (CONTINUED)

(b) Related party balances

	<u>2010</u> RM'000	<u>2009</u> RM'000
Amounts due from related parties included in loan receivables (note 11) are as follows:		
- Loan due from key management personnel	<u>410</u>	<u>472</u>
Amounts due from related parties included in receivables (note 12) are as follows:		
- Outstanding premiums due from related companies	<u>203</u>	<u>169</u>
Amount due to related parties included in payables (note 15) is as follows:		
- Outstanding premiums due to related companies	(35)	(43)
- Outstanding interest due to holding company	(197)	(203)
- Outstanding commissions due to other related parties	<u>(627)</u>	<u>(611)</u>
Amount due to related parties included in loan (note 17) is as follows:		
- Subordinated term loan from holding company	<u>(53,000)</u>	<u>(53,000)</u>
Fixed and call deposits included in investments (note 7) placed with:		
- Other related companies	<u>59,332</u>	<u>50,073</u>
Bank balances included in cash and cash equivalents (note 13) placed with:		
- Other related companies	<u>8,059</u>	<u>6,768</u>

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NOTES TO THE FINANCIAL STATEMENTS
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29 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>2010</u>	<u>2009</u>
	RM'000	RM'000
i) Gross premium received/receivable from:		
- Related companies	1,161	900
- Other related parties	-	-
- Key management personnel	<u>19</u>	<u>19</u>
ii) Commission paid/payable to:		
- Other related parties	<u>6,841</u>	<u>3,737</u>
iii) Interest received/receivable from deposits:		
- Other related parties	1,225	-
- Key management personnel	<u>92</u>	<u>84</u>
iv) Purchase of securities		
- Other related parties	<u>68,210</u>	<u>9,598</u>
v) Purchase of fixed assets		
- other related companies	<u>-</u>	<u>-</u>
vi) Sales of securities		
- Other related parties	<u>1,723</u>	<u>-</u>
vii) Sales of fixed assets		
- Key management personnel	<u>-</u>	<u>84</u>
viii) Management fees paid		
- Other related parties	<u>332</u>	<u>577</u>
xi) Subordinated term loan from:		
- Holding company	<u>-</u>	<u>53,000</u>
x) Interest paid/ payable to:		
- Holding company	<u>2,308</u>	<u>216</u>

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29 RELATED PARTY DISCLOSURES (CONTINUED)

(d) Key management personnel compensation

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

	2010	2009
	RM'000	RM'000
Short term employee benefits	2,237	2,108
Defined contribution plan	337	312
Other employee benefits	26	20
	<u>2,600</u>	<u>2,440</u>

30 FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

The Company's activities expose it to a variety of financial risks, including credit risk, market risk, interest rate risk, liquidity and cash flow risk. The Company's overall financial risk management objective is to ensure that the Company creates value for its shareholders. The Company focuses on the unpredictability of financial markets and seek to minimise potential adverse effects on the financial performance of the Company. Financial risk management is carried out through risk reviews and internal control systems.

Credit risk

Credit risk is the risk of financial loss resulting from a failure of a counter party to honour its obligations to the Company.

Credit risks arise in the Company's investment and lending activities. The Company's policy is to maintain a diversified portfolio of investments in government guaranteed and 'A' rated financial instruments issued by companies with strong credit ratings.

The credit risk exposure on the unquoted corporate debt securities of the Company at the balance sheet date is analysed as follows:

	Carrying amount	
	2010	2009
	RM'000	RM'000
Analysed by rating:		
AAA	362,642	159,487
AA	440,570	279,014
A	63,598	93,522
BBB	4,681	13,998
Non-rated-government guaranteed debt securities	-	5,101
Non-rated	9,037	4,612
	<u>880,528</u>	<u>555,734</u>

The rating categories are based on the gradings of Malaysian Credit Rating Corporation and Rating Agency of Malaysia.

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30 FINANCIAL INSTRUMENTS (CONTINUED)

Insurance risk

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

Pricing risk

This is the risk of inadequacy of premium. Re-pricing of product is conducted at regular intervals of two (2) years or shorter, if required. Experience studies are conducted to determine realistic assumptions. Stress tests and bonus reserve valuation 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 Board of Directors.

Market risk

Market risk is the risk that the value of the financial instrument will fluctuate as a result of changes in market prices. The Company's investments in equities are subject to fluctuations in market prices. The Company's investments in equities are managed by licensed asset management companies.

The Company has given clear investment guidelines to the asset management companies under the fund management agreement in order to manage the market risk.

Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in the market interest rates. Interest rate exposure arises from the Company's investment, lending activities and floating rate borrowings.

The following table provides 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.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010 (CONTINUED)

30 FINANCIAL INSTRUMENTS (CONTINUED)

Interest rate risk (Continued)

	Interest bearing: Contractual repricing or maturity date (whichever is earlier)						Total carrying amount	Weighted average effective interest rate %	
	Non- interest bearing	1 year or less	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years			More than 5 years
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
<u>2010</u>									
Financial assets:									
Securities – Available-for-sale									
- Malaysian Government Securities	-	-	-	5,065	29,898	30,286	35,380	100,629	3.75
- Corporate debt securities	36,647	14,845	48,311	54,769	30,084	88,765	332,269	605,690	5.47
- Equity securities	2,103	-	-	-	-	-	-	2,103	
Securities held for trading									
- Corporate debt securities	3,604	-	209	2,018	-	2,351	4,593	12,775	5.86
- Equity securities	121,385	-	-	-	-	-	-	121,385	
- Collective investment schemes	113,260	-	-	-	-	-	-	113,260	
- Structured investment products	50,475	33,663	30,827	-	-	-	-	114,965	
Securities held to maturity									
- Malaysian Government Securities:									
- Corporate debt securities investment	22,090	-	4,833	25,132	29,300	4,000	176,708	262,063	3.75
- Fixed and call deposits	-	403,965	3,148	-	4,198	-	-	411,311	5.17
Loans receivable	-	17,853	56	55	57	59	45,120	63,200	2.30
Receivables	81,175	-	-	-	-	-	-	81,175	6.72
Cash and cash equivalents	13,481	-	-	-	-	-	-	13,481	
	<u>444,220</u>	<u>470,326</u>	<u>87,384</u>	<u>87,039</u>	<u>93,537</u>	<u>145,514</u>	<u>594,070</u>	<u>1,922,090</u>	

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010 (CONTINUED)

30 FINANCIAL INSTRUMENTS (CONTINUED)

Interest rate risk (Continued)

	Interest bearing: Contractual repricing or maturity date (whichever is earlier)						Total carrying amount	Weighted average effective interest rate
	Non- interest bearing	1 year or less	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
<u>2010</u>								
Other financial assets*								
- Outstanding premiums including agents' and brokers' balances							3,969	
Total financial assets							1,926,059	
Other assets							30,352	
Total assets per balance sheet							1,956,411	

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010 (CONTINUED)

30 FINANCIAL INSTRUMENTS (CONTINUED)

Interest rate risk (Continued)

	Non- interest bearing RM'000	Contractual repricing or maturity date (whichever is earlier)					Interest bearing: 4 to 5 years RM'000	More than 5 years RM'000	Total carrying amount RM'000	Weighted average effective interest rate %
		1 year or less RM'000	1 to 2 years RM'000	2 to 3 years RM'000	3 to 4 years RM'000	4 to 5 years RM'000				
<u>2010</u>										
Financial liabilities:										
- Other payables and accruals	180,069	-	-	-	-	-	-	180,069		
- Long term borrowing	-	-	-	-	-	-	53,000	53,000	4.38	
	<u>180,069</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>53,000</u>	<u>233,069</u>		
Other financial liabilities*										
- Life policyholders' fund								1,534,839		
- Provision for outstanding claims								42,196		
- Amount due to reinsurers								8,993		
- Amount due to agents/brokers/insureds								5,732		
Total financial liabilities								<u>1,824,829</u>		
Other liabilities								<u>5,105</u>		
Total liabilities per balance sheet								<u><u>1,829,934</u></u>		

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010 (CONTINUED)

30 FINANCIAL INSTRUMENTS (CONTINUED)

Interest rate risk (Continued)

	Interest bearing: Contractual repricing or maturity date (whichever is earlier)							Total carrying amount	Weighted average effective interest rate
	Non- interest bearing	1 year or less	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
<u>2009</u>									
Financial assets:									
- Malaysian Government Securities	-	20,066	-	5,035	-	54,507	-	79,608	4.33
- Corporate debt securities	43,344	24,988	13,007	59,406	83,943	57,823	273,223	555,734	5.63
- Structured investment products	295	81,410	84,553	31,185	-	-	-	197,443	2.35
- Shares/warrants	136,353	-	-	-	-	-	-	136,353	-
- Real estate investment trusts/unit trust	94,305	-	-	-	-	-	-	94,305	-
- Fixed and call deposits	-	279,401	-	2,085	-	3,978	-	285,464	2.02
Loans receivable	-	15,590	87	78	79	82	45,287	61,203	6.48
Receivables	74,708	-	-	-	-	-	-	74,708	-
Cash and cash equivalents	19,200	-	-	-	-	-	-	19,200	-
	<u>368,205</u>	<u>421,455</u>	<u>97,647</u>	<u>97,789</u>	<u>84,022</u>	<u>116,390</u>	<u>318,510</u>	<u>1,504,018</u>	
Other financial assets*									
- Outstanding premiums including agents' and brokers' balances								<u>2,644</u>	
Total financial assets								<u>1,506,662</u>	
Other assets								<u>45,428</u>	
Total assets per balance sheet								<u>1,552,090</u>	

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010 (CONTINUED)

30 FINANCIAL INSTRUMENTS (CONTINUED)

Interest rate risk (Continued)

	Non- interest bearing RM'000	Contractual repricing or maturity date (whichever is earlier)					Interest bearing: 4 to 5 years RM'000	More than 5 years RM'000	Total carrying amount RM'000	Weighted average effective interest rate %
		1 year or less RM'000	1 to 2 years RM'000	2 to 3 years RM'000	3 to 4 years RM'000	4 to 5 years RM'000				
<u>2009</u>										
Financial liabilities:										
- Other payables and accruals	121,242	-	-	-	-	-	-	121,242		
- Long term borrowing	-	-	-	-	-	-	53,000	53,000	4.11	
	<u>121,242</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>53,000</u>	<u>174,242</u>		
Other financial liabilities*										
- Life policyholders' fund								1,259,142		
- Provision for outstanding claims								11,342		
- Amount due to reinsurers								1,867		
- Amount due to agents/brokers/insureds								4,368		
Total financial liabilities								<u>1,450,961</u>		
Other liabilities								<u>8</u>		
Total liabilities per balance sheet								<u>1,450,969</u>		

* Disclosure information for financial assets and liabilities that relate to rights and obligations arising under employee benefit plans and insurance contracts is not shown as it is excluded from the scope of FRS 132: Financial Instruments: Disclosure and Presentation.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010 (CONTINUED)

30 FINANCIAL INSTRUMENTS (CONTINUED)

Liquidity and cash flow risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities.

Fair values

In November 2008, BNM issued detailed guidelines under the RBC which is effective for annual periods beginning on or after 1 January 2009. As required under RBC, the Company has adopted new accounting policies on classification and valuation of securities, and on valuation of insurance liabilities as specified under RBC.

The carrying amounts of financial assets and liabilities of the Company at the balance sheet date approximated their fair value.

Fair values

The carrying amounts of the financial assets and financial liabilities of the Company at the balance sheet date approximate their fair values, except as set out below:

	Shareholder's fund		Life fund	
	Carrying Amount	Fair value	Carrying amount	Fair value
	RM'000	RM'000	RM'000	RM'000
<u>2010</u>				
Investments:				
- Malaysian Government Securities	24,983	24,983	95,699	96,347
- Real estate investment trust	-	-	5,104	5,104
- Corporate debt securities	93,696	93,696	774,057	777,665
	<u>118,679</u>	<u>118,679</u>	<u>874,860</u>	<u>879,116</u>
	Carrying Amount	Fair value	Carrying amount	Fair value
	RM'000	RM'000	RM'000	RM'000
<u>2009</u>				
Investments:				
- Malaysian Government Securities	-	-	79,608	81,574
- Real estate investment trust	397	397	14,373	14,373
- Corporate debt securities	10,692	10,897	529,029	531,325
	<u>11,089</u>	<u>11,294</u>	<u>623,010</u>	<u>627,272</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010 (CONTINUED)

30 FINANCIAL INSTRUMENTS (CONTINUED)

Foreign exchange risk

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

	Currency exposure at 31 March						Total RM'000
	<u>Singapore Dollar</u> RM'000	<u>Hong Kong Dollar</u> RM'000	<u>Korean Won</u> RM'000	<u>Taiwan Dollar</u> RM'000	<u>Australian Dollar</u> RM'000	<u>US Dollar</u> RM'000	
<u>Functional currency</u>							
<u>Ringgit Malaysia</u>							
<u>2010</u>							
Investments	120,633	3,745	-	-	10,177	-	134,555
Other assets	3	-	-	-	-	-	3
	<u>120,636</u>	<u>3,745</u>	<u>-</u>	<u>-</u>	<u>10,177</u>	<u>-</u>	<u>134,558</u>
<u>2009</u>							
Investments	91,734	19,859	267	113	-	4,153	116,126
Other assets	3	-	-	-	-	-	3
	<u>91,737</u>	<u>19,859</u>	<u>267</u>	<u>113</u>	<u>-</u>	<u>4,153</u>	<u>116,129</u>