

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 2004

Company No.

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UNI.ASIA LIFE ASSURANCE BERHAD  
(Incorporated in Malaysia)

REPORT AND FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2004

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**UNI.ASIA LIFE ASSURANCE BERHAD**  
(Incorporated in Malaysia)

**DIRECTORS' REPORT**

The directors have pleasure in submitting their report together with the audited financial statements of the Company for the financial year ended 31 March 2004.

**PRINCIPAL ACTIVITY**

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

**FINANCIAL RESULTS**

RM'000

Net profit for the financial year

4,592

**DIVIDENDS**

No dividend has been paid or declared by the Company since 31 March 2003. The directors do not recommend any dividend for the financial year ended 31 March 2004.

**RESERVES AND PROVISIONS**

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

**PROVISION FOR OUTSTANDING CLAIMS**

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

**BAD AND DOUBTFUL DEBTS**

Before the income statement and balance sheet of the Company were made up, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and that all known bad debts had been written off and adequate allowance had been made for doubtful debts.

At the date of this report, the directors of the Company are not aware of any circumstances that would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the Company inadequate to any substantial extent.

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

CURRENT ASSETS

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

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

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

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

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

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

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

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

CORPORATE GOVERNANCE

a) Importance and commitment

The Company, with the leadership of the Board of Directors ("the Board"), is adopting the necessary measures to ensure that its 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 ("Framework") issued on 10 May 2000 by Bank Negara Malaysia (BNM). JPI 13/2003 issued on 19 May 2003 supplemented the framework with additional guidelines and measures to be adopted by insurers. The Company's policy is to achieve best practice in our standards of business integrity for all our activities throughout the Company. This includes a commitment to the requirement of corporate governance, which the Board fully recognizes as one of its principal roles.

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 appointments procedure;
- ii. Levels of executive remuneration that attract and retain the people needed to run the Company, set by a remuneration committee;
- iii. A sound system of internal controls to safeguard a company's assets and shareholders' investments and to identify and manage business risks.

The Company's commitment to the corporate standards means that:

- i. Our board has a mix of independent and non-independent directors. The Board comprises of 8 non-executive directors with wide experience. There is a balance in the Board represented by the presence of 2 independent non-executive directors of the calibre necessary to carry sufficient weight in Board 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 account of the long-term interest of various stakeholders. The whole 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 in line with the Company's overall practice on pay and benefits. This is to reward employees competitively, taking into account individual performance, company performance, market comparisons and the competitive pressures in the local insurance industry. Remuneration packages are reviewed annually and comprise a mix of basic salary and performance-linked elements.

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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 for reviewing the effectiveness of these systems which are designed to manage, rather than eliminate, the risk of failure to achieve business objectives. Key features are:

- a risk committee which provides overall direction on risk management efforts and oversee management of risk and ensure appropriate actions to mitigate them;
- a well established system of financial and business controls, the operation of which are regularly reported to the CFO and CEO;
- regular assessments of internal controls by UAL's internal audit department; and
- the 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 focus is:

- i. Strategic
- ii. Developmental
- iii. Growing shareholder value
- iv. Oversight and control
- v. Corporate governance

d) Supply of information

All directors are provided with the agenda and 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 directors have access to the advice and services of the Company Secretary.

The directors who have held offices during the period since the date of the last report are as follows:

Board Members

Dato' Maznah bte Abdul Jalil (Chairman)  
Lee Chin Yong (Deputy Chairman)  
Dato' Mohammed Adnan bin Datuk Shuaib  
Kwok Chong See  
Hashim bin Harun  
Roza Shahnaz binti Omar  
Kim Kok Kwang (appointed w.e.f 1.7.2003)  
Yeong Chee Wah (appointed w.e.f 2.8.2003)

Category of Directorship

Non-Independent director  
Non-Independent director  
Non-Independent director  
Non-Independent director  
Non-Independent director  
Independent director  
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 2004 are as follows:

<u>Directors</u>	<u>Number of Board Meeting</u>	
	<i>Held</i>	<i>Attended</i>
Dato' Maznah bte Abdul Jalil	6	6
Lee Chin Yong	6	6
Dato' Mohammed Adnan bin Datuk Shuaib	6	5
Kwok Chong See	6	5
Hashim bin Harun	6	6
Roza Shahnaz binti Omar	6	6
Kim Kok Kwang (joined on July 1, 2003)	5	5
Yeong Chee Wah (joined on August 2, 2003)	4	4

e) Appointment/reappointment of directors

The appointment/reappointment of the directors is based on the Company's Articles of Association. All directors who are appointed by the board are subject to re-election every three years.

f) Directors' training

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 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 held and directors' attendance to the said programs.

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 applicable approved accounting standards in Malaysia and give a true and fair view of the state of affairs of the Company at the end of the financial year and of results and cash flows of the Company for the financial year.

In preparing the financial statements, the directors have:

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

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DIRECTORS' REPORT (CONTINUED)

CORPORATE GOVERNANCE (CONTINUED)

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

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

The directors have overall responsibilities for taking such steps as are reasonably open to them to safeguard the assets of the Group 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 6 subcommittees (Audit, Remuneration, Nominating, 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 entire Board.

j) Audit committee

The current Audit Committee was established in October 2003 after the change in the Company's shareholding in the early part of 2003. The Committee is chaired by Mr Yeong Chee Wah and comprises two other directors, namely Mr Kim Kok Kwang and Puan Roza Shahnaz binti Omar.

The 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 disclosures on internal controls in the annual report.

The Audit Committee also considers the company's published financial reports for statutory compliance and against standards of best practice and recommends to the Board appropriate disclosure in these reports. It also reviews annually the performance of the company's external auditors, to ensure an objective, professional and cost-effective relationship is maintained. It recommends to the Board the external auditors fees for their audit services.

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

**CORPORATE GOVERNANCE (CONTINUED)**

**k) Remuneration committee**

The Remuneration Committee was established in July 2003. The Committee comprises five directors and is chaired by Mr Kim Kok Kwang. The other members are Dato' Maznah bte Abdul Jalil, Mr Lee Chin Yong, Puan Roza Shahnaz binti Omar and Mr Kwok Chong See.

The Committee sets the remuneration policy for the Directors, the Chief Executive 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. It also approves changes in the company's long term incentive plans, recommends to the Board those plans which require shareholder approval and oversees their operation.

**l) Nominating committee**

The Nominating Committee, also established in July 2003, consisting of Dato' Maznah bte Abdul Jalil, Mr Lee Chin Yong, Puan Roza Shahnaz binti Omar and Mr Kwok Chong See and chaired by Mr Kim Kok Kwang, recommends to the Board appointments of all directors. To ensure an appropriate balance of expertise and ability, it has agreed, and regularly reviews, a profile of the skills and attributes required from the directors as a whole. This profile is used to assess the suitability as directors of candidates put forward by the directors and shareholders.

**m) Risk management committee**

The Risk Management Committee was also formed in July 2003, consisting of Mr Yong Chee Wah who chairs the Committee, Mr Lee Chin Yong, Dato' Mohammed Adnan bin Datuk Shuaib and Puan Roza Shahnaz binti Omar. The roles of the Risk Management Committee are:

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

**n) Executive committee**

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

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DIRECTORS' REPORT (CONTINUED)

CORPORATE GOVERNANCE (CONTINUED)

o) Investment committee

The Committee is empowered by the Board to assist the Board and management in the effective discharge of its strategic responsibilities and accountabilities in the areas of investment of the Company. Its meeting is also scheduled to coincide with the Board meeting. The Committee shall report to the Board the results, observations and recommendation for deliberation and formalization by the Board pertaining to the investment activities of the Company. The Committee is made up of Dato' Maznah bte Abdul Jalil (the Committee Chairman), Mr. Chan Kok Seong (an alternate director to Mr Lee Chin Yong), Mr. Ooi Say Teng and Mr Lai You Kim, the Company's Appointed Actuary.

DIRECTOR'S INTEREST IN SHARES

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

	<u>Number of ordinary shares of RM1.00 each</u>			
	<u>As at 1.4.2003</u>	<u>Acquired</u>	<u>Disposed</u>	<u>As at 31.3.2004</u>
Direct interest:				
Dato' Maznah bte Abdul Jalil	592,000	54,000	92,000	554,000
Hashim bin Harun	-	96,000	-	96,000
Roza Shahnaz binti Omar	-	50,000	-	50,000

	<u>Number of options over ordinary shares of RM1.00 each</u>			
	<u>As at 1.4.2003</u>	<u>Granted</u>	<u>Exercised</u>	<u>As at 31.3.2004</u>
Direct interest:				
Dato' Maznah bte Abdul Jalil	158,000	-	54,000	104,000
Hashim bin Harun	96,000	-	96,000	-
Roza Shahnaz binti Omar	83,000	-	50,000	33,000

Other than as disclosed above, none of the other directors in the office at the end of the financial year had any interest in shares or debentures of the Company and its related companies during the financial year.

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## DIRECTORS' REPORT (CONTINUED)

### DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party with the object or objects of enabling directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate other than the options over shares granted by DRB-HICOM Berhad, the ultimate holding company, to directors of the Company pursuant to the ultimate holding company's Employees' Share Option Scheme.

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

### 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 of Directors in accordance with their resolution dated 18 May 2004.

DATO' MAZNAH BTE ABDUL JALIL  
CHAIRMAN

LEE CHIN YONG  
DIRECTOR

Shah Alam, Selangor

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**UNI.ASIA LIFE ASSURANCE BERHAD**  
(Incorporated in Malaysia)

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

We, Dato' Maznah binti Abdul Jalil and Lee Chin Yong, two of the Directors, state that, in the opinion of the Directors, the financial statements set out on pages 12 to 48 are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 March 2004 and of the results and cash flows of the Company for the financial year ended on that date in accordance with the applicable approved accounting standard in Malaysia and the provisions of the Companies Act, 1965.

Signed on behalf of the Board of Directors in accordance with their resolution dated 18 May 2004

DATO' MAZNAH BTE ABDUL JALIL  
CHAIRMAN

LEE CHIN YONG  
DIRECTOR

Shah Alam, Selangor

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

I, Ho Teck Seng, the officer primarily responsible for the financial management of Uni.Asia Life Assurance Berhad, do solemnly and sincerely declare that the financial statements set out on pages 12 to 48 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Ho Teck Seng

Subscribed and solemnly declared by the abovenamed Ho Teck Seng at Shah Alam, Selangor in Malaysia on 18 May 2004, before me.

COMMISSIONER FOR OATHS

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

We have audited the financial statements set out on pages 12 to 48. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion:

- (a) the financial statements have been prepared in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:
    - (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
    - (ii) the state of affairs of the Company as at 31 March 2004 and of the results and cash flow of the Company for the financial year ended on that date;
- and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

PRICEWATERHOUSECOOPERS  
(No. AF-1146)  
Chartered Accountants

JAYARAJAN A/L RATHINASAMY  
(No. 2059/06/04 (J))  
Partner of the firm

Kuala Lumpur  
18 May 2004

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UNI.ASIA LIFE ASSURANCE BERHAD  
(Incorporated in Malaysia)

BALANCE SHEET  
AS AT 31 MARCH 2004

	<u>Note</u>	<u>31.03.2004</u> RM'000	<u>31.3.2003</u> RM'000
<b>ASSETS</b>			
Shareholder's fund assets			
Property, plant and equipment	3	1,283	1,311
Investments	4	75,962	68,206
Deferred tax asset	10	5,562	7,892
Receivables	6	845	528
Cash and cash equivalents	7	668	255
		<hr/>	<hr/>
Total shareholder's fund assets		84,320	78,192
Total life fund assets (page 13)		398,729	167,674
		<hr/>	<hr/>
Total assets		483,049	245,866
		<hr/> <hr/>	<hr/> <hr/>
<b>LIABILITIES</b>			
Shareholder's fund liabilities			
Payables	9	1,539	55
Taxation		506	454
		<hr/>	<hr/>
Total shareholder's fund liabilities		2,045	509
Total life fund liabilities (page 13)		27,591	10,098
Total life policyholders' fund		371,138	157,576
		<hr/>	<hr/>
		400,774	168,183
		<hr/>	<hr/>
<b>SHAREHOLDER'S EQUITY</b>			
Share capital	13	100,000	100,000
Accumulated losses		(17,725)	(22,317)
		<hr/>	<hr/>
		82,275	77,683
		<hr/>	<hr/>
TOTAL LIABILITIES AND SHAREHOLDER'S FUND		483,049	245,866
		<hr/> <hr/>	<hr/> <hr/>

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 2004

	<u>Note</u>	<u>31.03.2004</u> RM'000	<u>31.3.2003</u> RM'000
<b>ASSETS</b>			
Property, plant and equipment	3	2,816	1,381
Investments	4	362,864	143,412
Loans	5	13,622	13,500
Receivables	6	7,905	5,779
Cash and bank balances	7	11,522	3,602
Total life fund assets		<u>398,729</u>	<u>167,674</u>
<b>LIABILITIES</b>			
Provision for outstanding claims	8	4,060	3,025
Payables	9	21,770	5,627
Taxation		833	225
Deferred taxation	10	928	1,221
Total life fund liabilities		<u>27,591</u>	<u>10,098</u>
<b>LIFE POLICYHOLDERS' FUND</b>			
Life insurance revenue account		362,386	145,468
Revaluation reserve	11	8,752	12,108
Total life policyholders' fund	12	<u>371,138</u>	<u>157,576</u>
Total life fund liabilities and life policyholders' fund		<u>398,729</u>	<u>167,674</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 2004

	<u>Note</u>	Financial year ended 31.03.2004 RM'000	15 months financial period ended 31.03.2003 RM'000
Operating revenue	14	<u>251,878</u>	<u>69,432</u>
Shareholder's fund:			
Investment income	16	2,669	2,627
Other operating income/(expenditure) net	17	6,455	(458)
Management expenses	15	<u>(202)</u>	<u>(184)</u>
		8,922	1,985
Transfer to revenue account		<u>(2,000)</u>	<u>(11,000)</u>
Profit/(loss) before taxation		6,922	(9,015)
Taxation	18	<u>(2,330)</u>	<u>1,294</u>
Net profit/(loss) for the financial year/period		<u>4,592</u>	<u>(7,721)</u>
Earnings/(loss) per share (RM)		<u>0.05</u>	<u>(0.02)</u>

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

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UNI.ASIA LIFE ASSURANCE BERHAD

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LIFE INSURANCE REVENUE ACCOUNT  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2004

	<u>Note</u>	Financial year ended 31.03.2004 RM'000	15 months financial period ended 31.03.2003 RM'000
Gross premium	14	239,548	60,034
Reinsurance		(1,554)	(2,694)
Net premium		<u>237,994</u>	<u>57,340</u>
Benefits paid and payable			
Death		(4,314)	(4,321)
Maturity		(1,281)	(1,274)
Surrender		(7,184)	(7,009)
Cash bonus		-	17
Others		(5,103)	(5,850)
Reinsurances recoveries		1,380	1,725
		<u>(16,502)</u>	<u>(16,712)</u>
		221,492	40,628
Commission and agency expenses		(14,217)	(11,131)
Management expenses	15	(19,085)	(17,869)
		188,190	11,628
Investment income	16	9,661	6,771
Other operating income/(expenditure) - net	17	18,849	(1,479)
Surplus before taxation		216,700	16,920
Taxation	18	(1,782)	(609)
Surplus after taxation		214,918	16,311
Life policyholders' funds at beginning of financial year/period		145,468	118,157
Transfer from income statement		360,386	134,468
		2,000	11,000
Life policyholders' funds as end of financial year/period		<u>362,386</u>	<u>145,468</u>

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

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UNI.ASIA LIFE ASSURANCE BERHAD  
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STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2004

	Issued and fully paid ordinary shares of RM1 each		Accumulated losses RM'000	Total RM'000
	Number of shares RM'000	Nominal value RM'000		
Balance as at 1 April 2003, as previously stated	100,000	100,000	(30,209)	69,791
Prior year adjustment (Note 23)	-	-	7,892	7,892
Balance as at 1 April 2003, as restated	100,000	100,000	(22,317)	77,683
Net profit for the financial year	-	-	4,592	4,592
Balance as at 31 March 2004	100,000	100,000	(17,725)	82,275
Balance as at 1 January 2002, as previously stated	80,500	80,500	(21,194)	59,306
Prior year adjustment (Note 23)	-	-	6,598	6,598
Balance as at 1 January 2002, as restated	80,500	80,500	(14,596)	65,904
Issued during the financial period (Note 13)	19,500	19,500	-	19,500
Net loss for the financial period	-	-	(7,721)	(7,721)
Balance as at 31 March 2003	100,000	100,000	(22,317)	77,683

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

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UNI.ASIA LIFE ASSURANCE BERHAD

(Incorporated in Malaysia)

CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2004

	Financial year ended 31.03.2004 RM'000	15 months financial period ended 31.03.2003 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net profit/(loss) for the financial year/period	4,592	(7,721)
Adjustments for items not involving the movement of cash and cash equivalents:		
Life fund surplus for the financial year/period after taxation	214,918	16,311
Transfer from income statement to life fund	2,000	11,000
Property, plant and equipment		
- depreciation	1,805	1,671
- profit on disposal	(54)	(1)
- written off	25	-
- insurance recoveries	(2)	(56)
Accretion of discounts net of amortisation of premiums	(723)	(925)
Investment income	(11,605)	(8,473)
Gain on sale of investments	(21,600)	(1,665)
(Decrease)/increase in allowance for diminution in value of investments	(3,583)	3,704
Increase/(decrease) in allowance for doubtful debts	171	(321)
Gain on disposal of property	(74)	-
Tax expense/(income)	4,112	(685)
Operating profit before changes in operating assets and liabilities	189,982	12,839
Purchase of investments	(228,783)	(39,633)
Proceeds from sale of investments	140,509	32,413
Increase in loans receivable	(122)	(1,433)
Increase in fixed and call deposits	(116,966)	(36,222)
Decrease/(increase) in receivables	47	(336)
Increase/(decrease) in provision for outstanding claims	1,035	1,369
Increase/(decrease) in payables	17,626	(1,636)
Interest received	6,195	5,426
Dividends received	1,762	1,076
Other investment income received	1,001	1,296
Cash generated from/(used in) operations	12,286	(24,841)
Income taxes paid	(1,120)	(537)
Net cash generated from/(used in) operating activities	11,166	(25,378)

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UNI.ASIA LIFE ASSURANCE BERHAD

(Incorporated in Malaysia)

CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2004 (CONTINUED)

	<u>Note</u>	Financial year ended <u>31.03.2004</u> RM'000	15 months financial period ended <u>31.03.2003</u> RM'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions to investment properties		(14)	(51)
Purchase of property, plant and equipment		(3,289)	(371)
Proceeds from disposal of property, plant and equipment		468	2
Insurance recovery for property, plant and equipment		<u>2</u>	<u>56</u>
Net cash used in investing activities		<u>(2,833)</u>	<u>(364)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from issuance of shares		<u>-</u>	<u>19,500</u>
Net cash generated from financing activities		<u>-</u>	<u>19,500</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL YEAR/PERIOD	20	8,333	(6,242)
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF FINANCIAL YEAR/PERIOD		<u>3,857</u>	<u>10,099</u>
CASH AND CASH EQUIVALENTS AS AT END OF FINANCIAL YEAR/PERIOD	7	<u><u>12,190</u></u>	<u><u>3,857</u></u>

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

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## UNI.ASIA LIFE ASSURANCE BERHAD

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2004

#### 1 PRINCIPAL ACTIVITY

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

The number of employees at the end of the period in the Company was 144 (2003: 126).

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

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

The holding and ultimate holding company 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 18 May 2004.

#### 2 SIGNIFICANT ACCOUNTING POLICIES

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

##### (a) Basis of preparation

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

The new applicable approved accounting standards which have been adopted in these financial statements are as follows:

- MASB 25 "Income Taxes"
- MASB 27 "Borrowing Costs"
- MASB 28 "Discontinuing Operations"
- MASB 29 "Employee Benefits"

With the exception of MASB 25 (see Note 23) there is no material impact on the financial statements as a result of applying the above standards in the current financial year.

## UNI.ASIA LIFE ASSURANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2004 (CONTINUED)

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## (b) Property, plant and equipment

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

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

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

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

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

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

The principal annual depreciation rates are as follows:

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

## (c) Investment properties

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

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

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## UNI.ASIA LIFE ASSURANCE BERHAD

(Incorporated in Malaysia)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2004 (CONTINUED)

#### 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

##### (d) Investments

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

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

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

##### (e) Impairment of assets

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

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

## UNI.ASIA LIFE ASSURANCE BERHAD

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2004 (CONTINUED)

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## (e) Impairment of assets (continued)

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

## (f) Receivables

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

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

## (g) Employee benefits

## (i) Short term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the financial year in which the associated services are rendered by employees of the Company.

## (ii) Defined contribution plans

A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity (a fund). The Company will have no legal or constructive obligations to pay further contributions if the fund does not have sufficient assets to pay all employees' benefits relating to employee services in the current and prior financial years.

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

## (h) Life insurance underwriting results

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

UNI.ASIA LIFE ASSURANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2004 (CONTINUED)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Life insurance underwriting results (continued)

Premium income

Premium income includes premium recognised in the life fund.

Premium income of the life fund is recognised as soon as the amount of the premium can be reliably measured. First premium is recognised from inception date and subsequent premium is recognised when it is due.

At the end of the financial year, all due premiums are accounted for to the extent that they can be reliably measured.

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

Commission and agency expenses

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

Provision for claims

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

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

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

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

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## UNI.ASIA LIFE ASSURANCE BERHAD

(Incorporated in Malaysia)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2004 (CONTINUED)

#### 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### (i) Other revenue recognition

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

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

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

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

##### (j) Income taxes

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

Deferred tax is recognised in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements.

Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or unused tax losses can be utilised.

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

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

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

##### (l) Financial instruments

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

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

## UNI.ASIA LIFE ASSURANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2004 (CONTINUED)

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## (l) Financial instruments (continued)

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

Insurance risk

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

Pricing risk

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

Interest rate risk

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

Market risk

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

Credit risk

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

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## UNI.ASIA LIFE ASSURANCE BERHAD

(Incorporated in Malaysia)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2004 (CONTINUED)

#### 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Financial instruments (continued)

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

Liquidity risk

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

(ii) Fair values

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

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

#### 3 PROPERTY, PLANT AND EQUIPMENT

Shareholder's fund

Freehold land  
and building  
RM'000

2004

At valuation

At beginning and end of financial year

1,375

Accumulated depreciation

At beginning of financial year

64

Charge for the financial year

28

At end of financial year

92

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UNI.ASIA LIFE ASSURANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2004 (CONTINUED)

3 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Shareholder's fund (continued)

	<u>Freehold land and building</u> RM'000
<u>Net book value</u>	
As at 31.03.2004	1,283
As at 31.03.2003	1,311
Depreciation charge for the financial period ended 31.03.2003	34

The valuation amount adopted in the financial statements are based on valuations carried out by an independent firm of professional valuers on 31 December 2001 to reflect market value on the existing use basis.

Had the freehold land and building been carried at historical cost less accumulated depreciation, the carrying amount that would be have been included in the financial statements at the end of the year is RM1,530,000 (31.03.2003: RM1,575,000).

In the current financial year, the directors performed a valuation of the freehold land and building in accordance with the Company's accounting policy to revalue properties once every three years or earlier, which was carried out by an independent firm of professional valuers and indicated a surplus of RM217,000. The directors did not adopt this revaluation as the valuation report is pending the approval from Bank Negara Malaysia.

Life fund

	<u>Motor vehicles</u> RM'000	<u>Furniture, fixtures fittings and office equipment</u> RM'000	<u>Total</u> RM'000
<u>Cost</u>			
At beginning of financial year	1,032	7,640	8,672
Additions	412	2,877	3,289
Disposals and write off	(237)	(2,245)	(2,482)
At end of financial year	1,207	8,272	9,479
<u>Accumulated depreciation</u>			
At beginning of financial year	836	6,455	7,291
Charge for the financial year	191	1,587	1,778
Disposals and write off	(187)	(2,219)	(2,406)
At end of financial year	840	5,823	6,663

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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 2004 (CONTINUED)

3 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Life fund (continued)

<u>Net book value</u>	<u>Motor vehicles</u> RM'000	<u>Furniture, fixtures fittings and office equipment</u> RM'000	<u>Total</u> RM'000
As at 31.03.2004	367	2,449	2,816
As at 31.03.2003	196	1,185	1,381
Depreciation charge for the financial period ended 31.03.2003	228	1,409	1,637

4 INVESTMENTS

Shareholder's fund

	<u>31.03.2004</u>		<u>31.03.2003</u>	
	<u>Cost</u> RM'000	<u>Market value</u> RM'000	<u>Cost</u> RM'000	<u>Market value</u> RM'000
Malaysian Government securities	3,025	3,263	3,025	3,411
Corporate debt securities (Amortisation of premiums)/ accretion of discounts - net	20,157 (55)		11,992 439	
	23,127		15,456	
Securities quoted in Malaysia:				
Shares/warrants	9,786		14,997	
Allowance for diminution in value	(260)		(1,425)	
	9,526	9,547	13,572	13,614
Loan stocks	54		133	
Allowance for diminution in value	(4)		-	
	50	50	133	143
Fixed and call deposits with:				
Licensed banks	23,782		24,888	
Licensed finance companies	5,153		12,300	
Other licensed financial institutions	14,324		1,857	
	43,259		39,045	
Total investments	75,962		68,206	

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2004 (CONTINUED)

4 INVESTMENTS (CONTINUED)

Life fund

	31.03.2004		31.03.2003	
	<u>Cost/ Valuation</u> RM'000	<u>Market value</u> RM'000	<u>Cost/ Valuation</u> RM'000	<u>Market value</u> RM'000
Investment properties:				
Freehold land and building				
-at valuation	8,500		11,900	
-at cost	-		54	
	<u>8,500</u>		<u>11,954</u>	
Leasehold land and buildings				
-at valuation	9,400		9,650	
-at cost	-		223	
	<u>9,400</u>		<u>9,873</u>	
	<u>17,900</u>		<u>21,827</u>	
Malaysian Government securities at cost	16,587	16,173	2,020	2,198
Corporate debt securities at cost	100,520		15,323	
Accretion of discounts net of amortisation of premiums	103		1,612	
	<u>117,210</u>		<u>18,955</u>	
Securities quoted in Malaysia:				
Shares/warrants at cost	43,220		33,114	
Allowance for diminution in value	(1,069)		(3,498)	
	<u>42,151</u>	<u>42,275</u>	<u>29,616</u>	<u>29,672</u>
Loan stocks	108		263	
Allowance for diminution in value	(8)		-	
	<u>100</u>	<u>100</u>	<u>263</u>	<u>281</u>
Unquoted securities at cost:				
Shares of corporations	2,160		2,160	
Allowance for diminution in value	(33)		(33)	
	<u>2,127</u>		<u>2,127</u>	
Bonds of corporations at cost	100		100	

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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 2004 (CONTINUED)

4 INVESTMENTS (CONTINUED)

Life fund (continued)

	31.03.2004		31.03.2003	
	Cost/ <u>Valuation</u>	Market <u>value</u>	Cost/ <u>Valuation</u>	Market <u>value</u>
	RM'000	RM'000	RM'000	RM'000
Fixed and call deposits with:				
Licensed banks	116,466		51,473	
Licensed finance companies	10,952		13,454	
Other licensed financial institutions	55,858		5,597	
	<u>183,276</u>		<u>70,524</u>	
Total investments	<u>362,864</u>		<u>143,412</u>	

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

	Shareholder's fund		Life fund	
	<u>31.03.2004</u>	<u>31.03.2003</u>	<u>31.03.2004</u>	<u>31.03.2003</u>
	RM'000	RM'000	RM'000	RM'000
Maturing within 12 months	43,259	41,447	185,728	88,458
Maturing after 12 months	23,177	13,187	114,959	1,383
	<u>66,436</u>	<u>54,634</u>	<u>300,687</u>	<u>89,841</u>

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

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

As required under Insurance Act 1996, the valuation reports have been submitted to Bank Negara Malaysia and are pending approval. The deficit of RM3,257,000 (Note 11) arising from the revaluation was debited to the revaluation reserve accordingly.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2004 (CONTINUED)

4 INVESTMENTS (CONTINUED)

As at the balance sheet date, the following investments of the shareholder's fund totalling RM50,000,000 (31.03.2003: RM50,000,000) were assigned by the Company to the life fund to meet the solvency margin requirement of the life fund:

	<u>31.03.2004</u>	<u>31.03.2003</u>
	RM'000	RM'000
Malaysian Government Securities	3,011	3,012
Corporate debt securities	9,876	12,444
Fixed and call deposits	37,113	20,838
Quoted shares/warrants in Malaysia	-	13,706
	<u>50,000</u>	<u>50,000</u>

5 LOANS RECEIVABLE

	<u>31.03.2004</u>	<u>31.03.2003</u>
	RM'000	RM'000
		Life fund
		<u>31.03.2003</u>
		RM'000
Policy loans	13,337	12,328
Staff loans		
- secured	263	968
- unsecured	22	204
	<u>13,622</u>	<u>13,500</u>

The maturity structure of the loans are as follows:

Receivable within 12 months	44	77
Receivable after 12 months	13,578	13,423
	<u>13,622</u>	<u>13,500</u>

6 RECEIVABLES

	<u>Shareholder's fund</u>		<u>Life fund</u>	
	<u>31.03.2004</u>	<u>31.03.2003</u>	<u>31.03.2004</u>	<u>31.03.2003</u>
	RM'000	RM'000	RM'000	RM'000
Outstanding premiums including agents and brokers balances		-	2,270	2,684
Allowance for doubtful debts	-	-	(460)	(310)
	<u>-</u>	<u>-</u>	<u>1,810</u>	<u>2,374</u>
Amounts due from reinsurers	-	-	614	1
Allowance for doubtful debts	-	-	(1)	(1)
	<u>-</u>	<u>-</u>	<u>613</u>	<u>-</u>

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6 RECEIVABLES (CONTINUED)

	Shareholder's fund		Life fund	
	31.03.2004	31.03.2003	31.03.2004	31.03.2003
	RM'000	RM'000	RM'000	RM'000
Income due and accrued	845	500	4,965	2,627
Allowance for doubtful debts	-	-	(137)	(117)
	<u>845</u>	<u>500</u>	<u>4,828</u>	<u>2,510</u>
Other receivables, deposits and prepayments	-	28	654	870
Amount due from shareholder's fund	-	-	-	25
	<u>845</u>	<u>528</u>	<u>7,905</u>	<u>5,779</u>

7 CASH AND CASH EQUIVALENTS

	31.03.2003	31.03.2003
	RM'000	RM'000
Cash and bank balances		
Shareholder's fund	668	255
Life fund	11,522	3,602
	<u>12,190</u>	<u>3,857</u>

8 PROVISION FOR OUTSTANDING CLAIMS

	Life fund	
	31.03.2003	31.03.2003
	RM'000	RM'000
Provision for outstanding claims	4,637	3,421
Less: Recoverable from reinsurers	(577)	(396)
Net outstanding claims	<u>4,060</u>	<u>3,025</u>

9 PAYABLES

	Shareholder's fund		Life fund	
	31.03.2004	31.03.2003	31.03.2004	31.03.2003
	RM'000	RM'000	RM'000	RM'000
Amounts due to reinsurers	-	-	344	546
Amounts due to agents/brokers and insureds	-	-	12,427	2,956
Other payables and accruals	1,539	30	8,999	2,125
Amount due to life fund	-	25	-	-
	<u>1,539</u>	<u>55</u>	<u>21,770</u>	<u>5,627</u>

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10 DEFERRED TAXATION

Shareholder's fund

	<u>31.03.2004</u>	<u>31.03.2003</u>
	RM'000	RM'000
Deferred tax asset		
- investment	89	276
- tax losses	5,473	7,616
	<u>5,562</u>	<u>7,892</u>
At start of financial year/period	7,892	6,598
(Charged)/credited to income statement:		
- investment	(187)	209
- tax losses	(2,143)	1,085
	<u>2,330</u>	<u>7,294</u>
At end of financial year/period	<u>5,562</u>	<u>7,892</u>

Life fund

Deferred tax liability		
- revaluation surplus	928	1,221
	<u>928</u>	<u>1,221</u>
At beginning of financial year/period	1,221	1,221
Disposal of a property	(10)	-
Revaluation reserve	(283)	-
	<u>928</u>	<u>1,221</u>
At end of financial year/period	<u>928</u>	<u>1,221</u>

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

	<u>31.03.2004</u>	<u>Life fund</u> <u>31.03.2003</u>
	RM'000	RM'000
Deductible temporary differences	<u>81</u>	<u>209</u>

The deferred tax assets have not been recognised because the directors are of the view that the amount is not material.

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11 ASSET REVALUATION RESERVE

	<u>31.03.2004</u> RM'000	<u>31.03.2003</u> RM'000
At beginning of financial year/period	12,108	12,108
Disposal of property	(99)	-
Revaluation deficit	(3,257)	-
	<u>8,752</u>	<u>12,108</u>

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

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

12 LIFE POLICYHOLDERS' FUND

Based on the actuarial valuation of the life fund made up to 31 March 2004, the Actuary was satisfied that the assets available in the life fund are sufficient to meet its long term liabilities to policyholders.

	<u>31.03.2004</u> RM'000	<u>31.03.2003</u> RM'000
<u>Actuarial liabilities</u>		
At beginning of financial year/period	143,725	117,402
Add: Increase in policy reserves	201,074	21,491
Bonus allocated to participating policyholders, including interim bonus from normal surplus	4,663	5,150
Less: Interim bonus	(220)	(318)
At end of financial year/period	<u>349,242</u>	<u>143,725</u>
<u>Unallocated surplus</u>		
At beginning of financial year/period	13,851	12,863
Add: Surplus/(deficit) arising during the financial year/period	10,708	(4,862)
Transfer from Shareholder's fund	2,000	11,000
Less: Bonus allocated to policyholders, including interim bonus from normal surplus	(4,663)	(5,150)
At end of financial year/period	<u>21,896</u>	<u>13,851</u>

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12 LIFE POLICYHOLDERS' FUND (CONTINUED)

	<u>31.03.2004</u>	<u>31.03.2003</u>
	RM'000	RM'000
Life policyholders' fund at end of financial year/period:		
Actuarial liabilities	349,242	143,725
Unallocated surplus	21,896	13,851
	<u>371,138</u>	<u>157,576</u>

The amount of RM2,000,000 (31.03.2003: RM11,000,000) has been transferred from the income statement as at the balance sheet date.

Included in the amount of unallocated surplus carried forward is the undistributed surplus arising from the revaluation of the life business investment properties of RM8,752,000 (31.03.2003: RM12,108,000) (Note 11).

13 SHARE CAPITAL

	Shareholder's fund	
	<u>31.03.2004</u>	<u>31.03.2003</u>
	RM'000	RM'000
Authorised ordinary shares of RM1 each	<u>100,000</u>	<u>100,000</u>
At beginning of financial year/period	100,000	80,500
Issued during the financial year/period	-	19,500
At end of financial year/period	<u>100,000</u>	<u>100,000</u>

14 OPERATING REVENUE

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

	Financial year ended <u>31.03.2004</u>	15 months financial period ended <u>31.03.2003</u>
	RM'000	RM'000
Gross premium	239,548	60,034
Investment income		
Shareholder's fund	2,669	2,627
Life fund	9,661	6,771
	<u>251,878</u>	<u>69,432</u>

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## 15 MANAGEMENT EXPENSES

	Shareholder's fund		Life fund	
	Financial year ended 31.03.2004	15 months financial period ended 31.03.2003	Financial year ended 31.03.2004	15 months financial period ended 31.03.2003
	RM'000	RM'000	RM'000	RM'000
Staff salaries and bonus	-	-	7,744	8,348
Defined contribution plans	-	-	970	1,162
Others	25	25	696	908
<b>Staff costs</b>	<b>25</b>	<b>25</b>	<b>9,410</b>	<b>10,418</b>
Non-executive directors:				
- fees	-	10	-	-
- other remuneration	41	1	-	-
<b>Directors' remuneration</b>	<b>41</b>	<b>11</b>	<b>-</b>	<b>-</b>
Auditors' remuneration	1	1	44	41
Rental of offices paid to third parties	-	-	281	313
Depreciation of property, plant and equipment	27	34	1,778	1,637
Training expenses	-	-	1,473	456
Printing and stationery	-	-	529	399
Postage, telephone, telax and telefax	-	-	398	450
EDP expenses	-	-	733	754
Increase/(writeback of) allowance for doubtful debts	-	-	171	(321)
Other expenses	108	113	4,268	3,722
	<b>202</b>	<b>184</b>	<b>19,085</b>	<b>17,869</b>

## 16 INVESTMENT INCOME

Interest from:				
- Malaysian Government Securities	219	345	590	614
- policy loans	-	-	1,260	1,534
- fixed and call deposits	1,106	1,637	3,207	1,899
- corporate debt securities	753	23	1,723	-
- staff loans	-	-	3	49
Accretion of discounts net of amortisation of premiums	55	127	668	798
Gross dividends:				
- quoted shares in Malaysia	416	345	1,340	731
- unquoted shares in Malaysia	-	-	6	-
Rental income received from third parties	120	150	864	1,146
	<b>2,669</b>	<b>2,627</b>	<b>9,661</b>	<b>6,771</b>

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17 OTHER OPERATING INCOME /(EXPENDITURE) – NET

	Shareholder's fund		Life fund	
	Financial year ended 31.03.2004	15 months financial period ended 31.03.2003	Financial year ended 31.03.2004	15 months financial period ended 31.03.2003
	RM'000	RM'000	RM'000	RM'000
Gain on sale of investments	5,294	582	16,305	1,083
Gain on disposal of property	-	-	74	-
Decrease/(increase) in allowance for diminution in value of investments	1,161	(1,040)	2,422	(2,664)
Property, plant and equipment - profit on disposal	-	-	54	1
- write off	-	-	(25)	-
Realised exchange (loss)/gain	-	-	(1)	13
Other income	-	-	20	88
Other operating income/ (expenditure) - net	<u>6,455</u>	<u>(458)</u>	<u>18,849</u>	<u>(1,479)</u>

18 TAXATION

	Shareholder's fund		Life fund	
	Financial year ended 31.03.2004	15 months financial period ended 31.03.2003	Financial year ended 31.03.2004	15 months financial period ended 31.03.2003
	RM'000	RM'000	RM'000	RM'000
Current taxation	-	-	1,963	609
Deferred taxation (Note 10)	2,330	(1,294)	-	-
Overprovision in prior years	-	-	(181)	-
	<u>2,330</u>	<u>(1,294)</u>	<u>1,782</u>	<u>609</u>

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18 TAXATION (CONTINUED)

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expenses at the effective income tax rate of the shareholder's fund is as follows:

	Financial year ended <u>31.03.2004</u> RM'000	15 months financial period ended <u>31.03.2003</u> RM'000
Profit/(loss) before taxation	6,922	(9,015)
Taxation of statutory tax rate of 28%	1,938	(2,524)
Tax effects of:		
Expenses not deductible for tax purposes	392	1,230
	<u>2,330</u>	<u>(1,294)</u>

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

	Financial year ended <u>31.03.2004</u> RM'000	15 months financial period ended <u>31.03.2003</u> RM'000
Surplus before taxation	216,700	16,920
Taxation at statutory tax rate of 8%	17,336	1,354
Tax effects of:		
Income not subject to tax	(19,150)	(4,630)
Expenses not deductible for tax purposes	3,866	3,629
Deductible temporary differences not recognised	(89)	256
	<u>1,963</u>	<u>609</u>

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19 EARNINGS/(LOSS) PER SHARE

The earnings/(loss) per ordinary share has been calculated based on the net profit/(loss) for the year and the weighted average number of ordinary shares in issue during the financial year of RM100 million (31.03.2003: RM 82.1 million).

20 CASH FLOW SEGMENT INFORMATION

	Shareholder's fund <u>RM'000</u>	<u>Life fund</u> RM'000	<u>Total</u> RM'000
Cash inflows/(outflows) from:			
<u>Financial year ended 31.03.2004</u>			
Operating activities	413	10,753	11,166
Investing activities	-	(2,833)	(2,833)
Financing activities	-	-	-
	<u>413</u>	<u>7,920</u>	<u>8,333</u>
<u>15 months financial period ended 31.03.2003</u>			
Operating activities	(21,863)	(3,515)	(25,378)
Investing activities	-	(364)	(364)
Financing activities	19,500	-	19,500
	<u>(2,363)</u>	<u>(3,879)</u>	<u>(6,242)</u>

21 CAPITAL COMMITMENTS

	<u>31.03.2004</u> RM'000	<u>31.03.2003</u> RM'000
Capital commitments for property, plant and equipment approved by directors but not provided for in the financial statements		
Contracted for	<u>309</u>	<u>-</u>
Not contracted for	<u>-</u>	<u>2,700</u>

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22 RELATED PARTY DISCLOSURES

(a) Related parties and relationship

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

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

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22 RELATED PARTY DISCLOSURES (CONTINUED)

(a) Related parties and relationship (continued)

Other related parties

HN Industry Sdn Bhd	Jointly controlled entity of DRB-HICOM
HICOM Honda Manufacturing (M) Sdn Bhd	Jointly controlled entity of DRB-HICOM
United Overseas Bank (M) Bhd	Substantial shareholder of holding Company
Master Carriage Group of Companies	Related by common director

(b) Related party balances

	<u>31.03.2004</u>	<u>31.03.2003</u>
	RM'000	RM'000
Amounts due from related parties included in receivables (Note 6) are as follows:		
- outstanding premiums due from DRB-HICOM	5	5
- outstanding premiums due from affiliated companies	70	776
- outstanding premiums due from related companies	312	320
- outstanding premiums due from other related parties	150	38
	<u>537</u>	<u>1139</u>
Fixed and call deposits included in investments (Note 4) placed with:		
- affiliated companies	29,500	52,281
- other related parties	62,950	1,000
	<u>92,450</u>	<u>53,281</u>
Bank balances included in cash and cash equivalents (Note 7) placed with:-		
- affiliated companies	294	2,926
	<u>294</u>	<u>2,926</u>

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22 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 year/period are as follows:

	<u>31.03.2004</u>	<u>31.03.2003</u>
	RM'000	RM'000
i) Gross premium received/receivable from:		
- related companies	701	1,017
- affiliated companies	219	2,844
- other related parties	352	437
	<u>          </u>	<u>          </u>
ii) Commission paid/payable to:		
- related companies	3,471	2
- Affiliated companies	1,131	1,075
	<u>          </u>	<u>          </u>
iii) Interest received/receivable from deposits:		
- Affiliated companies	1,129	1,548
- Other related parties	797	0
	<u>          </u>	<u>          </u>
iv) Purchase of securities		
- Affiliated companies	777	0
- Other related parties	74,893	0
	<u>          </u>	<u>          </u>
v) Purchase of fixed assets		
- Affiliated companies	194	0
	<u>          </u>	<u>          </u>
vi) Sales of Securities		
- Affiliated companies	872	0
	<u>          </u>	<u>          </u>
vii) Sale of fixed assets		
- Affiliated companies	103	0
	<u>          </u>	<u>          </u>
viii) Management fees paid		
- Other related parties	99	0
	<u>          </u>	<u>          </u>
ix) Service fee paid		
- Affiliated companies	62	0
	<u>          </u>	<u>          </u>

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23 PRIOR YEAR ADJUSTMENT

In previous financial years, deferred tax was recognised for timing differences except when there was reasonable evidence that such timing differences would not reverse in the foreseeable future. The tax effect of timing differences that resulted in a debit balance or a debit to the deferred tax balance was not carried forward unless there was a reasonable expectation of its realisation.

The potential tax saving relating to a tax loss carry forward was only recognised if there was assurance beyond any reasonable doubt that future taxable income would be sufficient for the benefit of the loss to be realised.

The Company has now changed its accounting policy to recognise deferred tax on temporary differences arising between the amounts attributable to assets and liabilities for tax purposes and their carrying values in the financial statements. Deferred tax assets are recognised to the extent that is probable that taxable profits will be available against which deductible temporary differences or unused tax losses can be utilised.

This change in accounting policy has been accounted for retrospectively.

The new accounting policy has the effect of reducing the shareholder's fund net profit for the financial year ended 31 March 2004 by RM2,330,000. The other effects of the change on the Company's financial statements are as follows:

	As previously stated RM'000	Shareholder's fund Effects of change in policy RM'000	As restated RM'000
<u>At 31 December 2001</u>			
Accumulated losses	(21,194)	6,598	(14,596)
<u>At 31 March 2003</u>			
Deferred tax asset	-	7,892	7,892
Accumulated losses	(30,209)	7,892	(22,317)
<u>Financial period ended 31 March 2003</u>			
Taxation	-	1,294	1,294

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24 FINANCIAL INSTRUMENTS (CONTINUED)

(a) Exposure to interest rate risk

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

<u>31.03.2004</u>	<u>Non-interest bearing</u> RM'000	<u>Interest-bearing contractual repricing or maturity date (whichever is earlier)</u>			<u>Total carrying amount</u> RM'000	<u>Weighted average effective interest rate</u> %
		<u>1 year or less</u> RM'000	<u>1 to 5 years</u> RM'000	<u>More than 5 years</u> RM'000		
Financial assets:						
Investments						
- Malaysian Government securities	-	260	14,145	5,072	19,477	5.86
- Approved debt securities, bonds and loanstocks	6,877	10,192	33,200	70,841	121,110	4.21
- Shares/warrant	53,804	-	-	-	53,804	-
- Loans receivables	-	44	-	13,578	13,622	8.00
- Cash and bank balances	12,190	-	-	-	12,190	-
- Fixed and call deposits	-	218,535	8,000	-	226,535	2.90
Other receivables, deposits and prepayments	6,327	-	-	-	6,327	-
	<u>79,198</u>	<u>229,031</u>	<u>55,345</u>	<u>89,491</u>	<u>453,065</u>	
Other financial assets*						
- Outstanding premiums including agents' and brokers' balances					1,810	
- Amount due from reinsurers					613	
					<u>455,488</u>	
Total financial assets					<u>27,561</u>	
Other assets						
Total assets per balance sheet					<u>483,049</u>	

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2004 (CONTINUED)

24 FINANCIAL INSTRUMENTS (CONTINUED)

(a) Exposure to interest rate risk (continued)

<u>31.03.2004</u>	Non-interest <u>bearing</u> RM'000	Interest-bearing contractual repricing or maturity date (whichever is earlier)			Total carrying amount RM'000
		1 year or <u>less</u> RM'000	1 to 5 <u>years</u> RM'000	More than <u>5 years</u> RM'000	
Financial liabilities:					
- Other payables and accruals	<u>10,538</u>	<u>-</u>	<u>-</u>	<u>-</u>	10,538
Other financial liabilities*					
- Life policyholders' fund					371,138
- Provision for outstanding claims					4,060
- Amount due to reinsurers					344
- Amount due to agents/brokers/insurers					12,427
Total financial liabilities					<u>398,507</u>
Other liabilities					2,267
Total liabilities per balance sheet					<u>400,774</u>

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UNI.ASIA LIFE ASSURANCE BERHAD  
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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2004 (CONTINUED)

24 FINANCIAL INSTRUMENTS (CONTINUED)

(a) Exposure to interest rate risk (continued)

<u>31.03.2003</u>	<u>Non-interest bearing</u> RM'000	<u>Interest-bearing contractual repricing or maturity date (whichever is earlier)</u>			<u>Total carrying amount</u> RM'000	<u>Weighted average effective interest rate</u> %
		<u>1 year or less</u> RM'000	<u>1 to 5 years</u> RM'000	<u>More than 5 years</u> RM'000		
Financial assets:						
Investments						
- Malaysian Government securities	-	1,000	2,752	1,280	5,032	7.29
- Approved debt securities, bonds and loanstocks	19,437	-	10,127	311	29,875	1.57
- Shares/warrants	45,315	-	-	-	45,315	-
- Loans receivables	-	77	170	13,253	13,500	10.00
- Income due and accrued	-	3,010	-	-	3,010	-
- Cash and bank balances	3,857	-	-	-	3,857	-
- Fixed and call deposits	-	109,569	-	-	109,569	2.95
Other receivables, deposits and prepayments	898	-	-	-	898	-
Amount due from shareholder's fund	25	-	-	-	25	-
	<u>69,532</u>	<u>113,656</u>	<u>13,049</u>	<u>14,844</u>	<u>211,081</u>	
Other financial assets*						
- Outstanding premiums including agents' and brokers' balances					<u>2,374</u>	
Total financial assets					<u>213,455</u>	
Other assets					<u>32,411</u>	
Total assets per balance sheet					<u><u>245,866</u></u>	

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UNI.ASIA LIFE ASSURANCE BERHAD  
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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2004 (CONTINUED)

24 FINANCIAL INSTRUMENTS (CONTINUED)

(a) Exposure to interest rate risk (continued)

<u>31.03.2003</u>	Non-interest <u>bearing</u> RM'000	Interest-bearing contractual repricing or <u>maturity date (whichever is earlier)</u>			Total carrying <u>amount</u> RM'000
		1 year or <u>less</u> RM'000	1 to 5 <u>years</u> RM'000	More than <u>5 years</u> RM'000	
Financial liabilities:					
- Other payables and accruals	2,155	-	-	-	2,155
- Amount due to life fund	25	-	-	-	25
	<u>2,180</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,180</u>
Other financial liabilities*					
- Life policyholders' fund					157,576
- Provision for outstanding claims					3,025
- Amount due to reinsurers					546
- Amount due to agents/brokers/insureds					2,956
Total financial liabilities					<u>166,283</u>
Other liabilities					1,900
Total liabilities per balance sheet					<u><u>168,183</u></u>

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

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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 2004 (CONTINUED)

24 FINANCIAL INSTRUMENTS (CONTINUED)

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

	<u>31.03.2004</u>	<u>31.03.2003</u>
AAA	22,083	-
AA	61,180	10,042
A	14,264	-
	<u>97,527</u>	<u>10,042</u>

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

(c) Fair values

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

	<u>Shareholder's fund</u>		<u>31.03.2004</u> <u>Life fund</u>	
	<u>Carrying amount</u> RM'000	<u>Fair values</u> RM'000	<u>Carrying amount</u> RM'000	<u>Fair values</u> RM'000
Investments:				
- Malaysian Government Securities	3,011	3,263	16,466	16,173
- corporate debt securities	20,116	19,690	100,744	97,879
- bonds	50	50	100	100
- quoted shares/warrants	9,526	9,547	42,142	42,175
	<u>32,703</u>	<u>32,550</u>	<u>159,452</u>	<u>156,327</u>
	<u>Shareholder's fund</u>		<u>31.03.2003</u> <u>Life fund</u>	
	<u>Carrying amount</u> RM'000	<u>Fair values</u> RM'000	<u>Carrying amount</u> RM'000	<u>Fair values</u> RM'000
Investments:				
- Malaysian Government Securities	3,012	3,411	2,020	2,198
- corporate debt securities	12,444	12,470	16,935	17,122
- bonds	133	143	263	281
- quoted shares/warrants	13,572	13,614	29,616	29,672
	<u>29,161</u>	<u>29,638</u>	<u>48,834</u>	<u>49,273</u>

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