

Financial Statements

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Directors' Report

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The Directors are pleased to submit their report to the members together with the audited financial statements of the Company for the year ended 31 March 2008.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the underwriting of all classes of general insurance business. There has been no significant changes in the nature of this activity during the year.

FINANCIAL RESULTS

Profit for the year

RM'000

18,341

DIVIDENDS

The dividends paid or declared by the Company since 31 March 2007 were as follows:

In respect of the year ended 31 March 2007, as shown in the Directors' report of that year, a final gross dividend of 15 sen per share, less income tax 26%, paid on 3 July 2007

RM'000

11,100

In respect of the year ended 31 March 2008, an interim gross dividend of 10 sen per share, less income tax at 26%, paid on 3 December 2007

7,400

The Directors now recommend the payment of final gross dividend of 15 sen per share, less income tax 25%, amounting to RM11,250,000, in respect of the year ended 31 March 2008, which is subject to the approval of the members at the forthcoming Annual General Meeting of the Company.

RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the year are disclosed in the notes to 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 amounts written off for bad debts or the amounts of the allowance for doubtful debts in the financial statements of the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the income statement and balance sheet of the Company were made out, the Directors took reasonable steps to ascertain that any current assets which were unlikely to realise 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 the 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 affect the ability of the Company to meet their 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, that would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Company for 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 year in which this report is made.

SHARE CAPITAL

There were no new shares issued by the Company during the year.

CORPORATE GOVERNANCE

Compliance with Bank Negara Malaysia JPI/GPI 25: Prudential Framework of Corporate Governance of Insurers

The Company is prescribing to the requirements of, and adopts management practices that are consistent with the principles of Bank Negara Malaysia (BNM) Guideline JPI/GPI 25 (Consolidated) - Prudential Framework of Corporate Governance for Insurers (JPI/GPI 25).

Board Responsibilities and Oversight

The Board of Directors (Board) is committed in ensuring that the highest standards of governance are being maintained. This is achieved through compliance with the Insurance Act 1996, Insurance Regulations 1996 and JPI/GPI 25 and other directives. The Company strives to adopt other best practices on corporate governance.

The Board has delegated specific responsibilities to seven Board Committees as follows:

- (i) Audit Committee
- (ii) Nomination Committee
- (iii) Remuneration Committee
- (iv) Risks Management Committee
- (v) Executive Committee
- (vi) Claims and Underwriting Committee
- (vii) Investment Committee

The above committees have the authority to examine pertinent issues and report back to the Board with their recommendations. Ultimate responsibilities for final decisions on all matters lie with the Board.

CORPORATE GOVERNANCE (CONTINUED)

Board Responsibilities and Oversight (Continued)

(a) Composition of the Board

There is a balance mix in the Board membership with wide ranging skills and experience that comprises eight directors i.e. five Non-Executive Directors and three Independent Non-Executive Directors. No individual or group of individuals is able to dominate the Board's decision-making process. In addition, the Directors do not hold directorships in excess of the prescribed maximum limit.

(b) Board Meetings

During the financial year, the Board met seven times and all Directors complied with the 75% minimum attendance requirement at such meeting. Details of attendance of each Board member at meetings held during the year are as follows:

Members	Status of directorship	Number of Board Meetings	
		Held	Attended
YAM Tan Sri Dato' Seri Syed Anwar Jamalullail	Independent Non-Executive Director & Chairman	7	7
David Chan Mun Wai	Non-Executive Director & Deputy Chairman	7	7
Dato' Dr. Mohd Shahari Ahmad Jabar	Independent Non-Executive Director	7	6
Chan Kok Seong	Non-Executive Director	7	6
Lawrence Pereira	Non-Executive Director	7	7
Datuk Abdul Shukor Hassan	Non-Executive Director	7	7
George Isac Pereire	Independent Non-Executive Director	7	7
Hashim Harun*	Chief Executive Officer / Managing Director	7	6
Hasni Harun**	Non-Executive Director	7	2
Khalid Abdol Rahman***	Non-Executive Director	7	3

* Resigned as Director and CEO wef 31.03.2008

** Resigned as Director wef 07.12.2007

*** Appointed as Director wef 07.12.2007

(c) Directors' Training

Directors are encouraged to attend continuous education programmes and seminars to keep abreast with developments in the industry. The Company has established a written policy for induction and education programmes for Directors in line with the corporate governance standard requirements.

(d) Board of Directors' Policy

In the spirit of Principle 4 of JPI/GPI 25, the Internal Audit Department (IAD) has prepared and updated the Board of Directors' Policy to provide the Directors with overview information of the insurance industry in general and Uni.Asia General Insurance Berhad specifically together with a comprehensive list of other information. It will be the main reference material on the Malaysia insurance industry and UAGIB operations as a whole for the newly appointed as well as the current Directors.

(e) Annual General Meeting ("AGM")

At each AGM, the Board presents the progress and performance of the business and encourages shareholders to participate in a question and answer session. The Chief Executive Officer / Managing Director and, where appropriate, the Chairman of the Audit, Nomination, Remuneration, Risk Management, Executive, Claims and Underwriting and Investment Committees are available to respond to shareholders' questions during the meeting.

CORPORATE GOVERNANCE (CONTINUED)

Board Committees

There are seven Board Committees namely Audit, Nomination, Remuneration, Risks Management, Executive, Claims & Underwriting, and Investment. Details of each Board Committees are as follows:

A The Audit Committee

The primary objective of the Committee is to assist Board in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control, the audit process and the monitoring of compliance with relevant laws and regulations.

This Committee comprises the following members and details of attendance of each member at meeting held during the year ended 31 March 2008 are as follows:

Members	Status of directorship	Number of Meetings	
		Held	Attended
YAM Tan Sri Dato' Seri Syed Anwar Jamalullail*	Independent Non-Executive Director & Chairman	4	4
Dato' Dr. Mohd Shahari Ahmad Jabar	Independent Non-Executive Director	4	4
George Isac Pereire	Independent Non-Executive Director	4	4

* Chairman

B The Nomination Committee

The primary objective of the Committee is to establish a documented, formal and transparent procedure for the appointment of new Directors, CEO and key Senior Officers. It is also a process of reviewing the balance and assesses the effectiveness of each of the individual Directors, the Board as a whole and the various Committees of the Board, the CEO and the key Senior Officers.

This Committee comprises the following members and details of attendance of each member at meeting held during the year ended 31 March 2008 are as follows:

Members	Status of directorship	Number of Meetings	
		Held	Attended
YAM Tan Sri Dato' Seri Syed Anwar Jamalullail*	Independent Non-Executive Director & Chairman	3	3
David Chan Mun Wai	Non-Executive Director	3	3
Datuk Abdul Shukor Hassan	Non-Executive Director	3	3
Dato' Dr. Mohd Shahari Ahmad Jabar	Independent Non-Executive Director	3	3
George Isac Pereire	Independent Non-Executive Director	3	3

* Chairman

C The Remuneration Committee

The primary objectives of the Committee is to establish a documented, formal and transparent procedure for developing a remuneration policy for Directors, CEO and key Senior Officers and ensuring that their compensation is competitive and consistent with the Company's culture, objectives and strategy.

CORPORATE GOVERNANCE (CONTINUED)

C The Remuneration Committee (continued)

This Committee comprises the following members and details of attendance of each member at meeting held during the year ended 31 March 2008 are as follows:

Members	Status of directorship	Number of Meetings	
		Held	Attended
YAM Tan Sri Dato' Seri Syed Anwar Jamalullail*	Independent Non-Executive Director & Chairman	5	5
David Chan Mun Wai	Non-Executive Director	5	5
Lawrence Pereira	Non-Executive Director	5	5
Datuk Abdul Shukor Hassan	Non-Executive Director	5	5
George Isac Pereire	Independent Non-Executive Director	5	5

* Chairman

D Risk Management Committee

The primary objective of the Committee is to establish a documented, formal and transparent procedure to provide opportunities for focusing on improving the quality of governance and risk management in the Company.

This Committee comprises the following members and details of attendance of each member at meeting held during the year ended 31 March 2008 are as follows:

Members	Status of directorship	Number of Meetings	
		Held	Attended
George Isac Pereire*	Independent Non-Executive Director	4	4
David Chan Mun Wai	Non-Executive Director	4	4
Datuk Abdul Shukor Hassan	Non-Executive Director	4	4
Dato' Dr. Mohd Shahari	Independent Non-Executive Director	4	4
Ahmad Jabar			

* Chairman

E The Executive Committee

The objectives of the Committee are:

- To ensure that the broad policies and basic objectives of the Company as set out by the Board are carried out by the Management.
- To assist the Board in overseeing the operations of the Company.

The Committee meets on a monthly basis to review matters relevant to the operations of the Company, empowered by the Board with relevant authority for effective and efficient decision-making. The minutes of Committee were circulated to all members of the Committee and to the Chairman of the Board and made available on request to other members of the Board.

The Committee comprises the following members and details of attendance of each member at meeting held during the year ended 31 March 2008 are as follows:

CORPORATE GOVERNANCE (CONTINUED)

E The Executive Committee (contineud)

Members	Status of directorship	Number of Meetings	
		Held	Attended
David Chan Mun Wai*	Non-Executive Director	10	9
Chan Kok Seong	Non-Executive Director	10	10
Hashim Harun**	Chief Executive Officer / Managing Director	10	10
Hasni Harun***	Non-Executive Director	10	5
Khalid Abdol Rahman****	Non-Executive Director	10	3
Mohd Fauzi Yaakub*****	Chief Operating Officer	10	1

* Chairman

** Resigned as Director and CEO wef 31.03.2008

*** Resigned as Director wef 07.12.2007

**** Appointed as Director wef 07.12.2007

***** Appointed as Member wef 29.02.2008

F The Claims and Underwriting Committee

The Committee is responsible to assist the Board and Management in the effective discharge of its strategic responsibilities and accountabilities in the areas of claims and underwriting of the Company. The Committee reports to the Board of the results, observations and recommendations arising from the review of the above for deliberation and formalisation by the Board. In discharging its duties, the Committee provides professional directions to the state of affairs of the Company where it is heading in the areas of claims and underwriting.

This Committee comprises the following members and details of attendance of each member at meetings held during the year ended 31 March 2008 are as follows:

Members	Status of directorship	Number of Meetings	
		Held	Attended
Lawrence Pereira*	Non-Executive Director	10	10
David Chan Mun Wai	Non-Executive Director	10	9
Datuk Abdul Shukor Hassan	Non-Executive Director	10	10
Hashim Harun**	Chief Executive Officer / Managing Director	10	9
Khalid Abdol Rahman***	Non-Executive Director	10	3
Mohd Fauzi Yaakub****	Chief Operating Officer	10	1

* Chairman

** Resigned as Director and CEO wef 31.03.2008

*** Appointed as Director wef 07.12.2007

**** Appointed as Member wef 29.02.2008

CORPORATE GOVERNANCE (CONTINUED)

G The 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. The Committee reports to the Board the results, observations and recommendations for deliberation and formalisation by the Board pertaining to the investment activities of the Company.

This Committee comprises the following members and details of attendance of each member at meeting held during the year ended 31 March 2008 are as follows:

Members	Status of directorship	Number of Meetings	
		Held	Attended
Hasni Harun*	Non-Executive Director	10	5
Chan Kok Seong**	Non-Executive Director	10	10
Hashim Harun***	Chief Executive Officer / Managing Director	10	10
Habshah Mohamed	General Manager, Finance & Accounts	10	10
Khalid Abdol Rahman****	Non-Executive Director	10	3
Mohd Fauzi Yaakub*****	Chief Operating Officer	10	1

* Resigned as Director wef 07.12.2007

** Appointed as Chairman of Investment Committee wef 22.01.2008

*** Resigned as Director and CEO wef 31.03.2008

**** Appointed as Director wef 07.12.2007

***** Appointed as Member wef 29.02.2008

Management Accountability

(a) Material Contracts

No material contracts (not being contracts entered into the ordinary course of business) have been entered into by the Company involving Directors' and substantial shareholders' interests, either still subsisting at the end of the financial year or entered into since the end of the previous financial year.

Corporate Independence

The Company has complied with the requirements of BNM's Guidelines on Related Party Transactions (JPI/GPI 19) in respect of all its related party transactions.

Internal Control and Enterprise Risk Management

The Board affirms its overall responsibility on the system of internal control within the Company. The objective of the system of internal control is to enable the Company to achieve its corporate objectives. The system is designed to ensure effective and efficient operations, financial reporting and compliance with the relevant laws and regulations.

It is primarily the Board responsibility to determine the strategies and policies for risk and control, whilst the Management is responsible for the effectiveness of the design and operation of risk management and control processes.

The process for the identification and evaluation of significant risks is through the adoption of the Enterprise Risk Management (ERM) framework and policy. The process is undertaken throughout the year. The Risk Management Committee of the Board (RMCB) will oversee senior management's activities in managing the key risk areas and ensure that the risk management framework and processes are in place and functioning effectively.

The implementation of the ERM is delegated to the Chief Executive Officer and supported by the Risk Management Committee of the Management (RMCM). The RMCM will assist the Chief Executive Officer in formulating appropriate procedures (including assessment methodologies, tools and techniques) and review the application of risk management practices. The RMCM will regularly report back the assessment on governance and risk management to the RMCB.

CORPORATE GOVERNANCE (CONTINUED)

Internal Control and Enterprise Risk Management (continued)

The IAD is also actively involved in the audit of ERM based on auditees' risk profile. Through risk-based audit approach, it provides the Board with an independent assurance on the adequacy and integrity of the internal control system and risk management framework. It also assesses the existing risk treatment adequacy and its effectiveness in minimising the risks to an acceptable level. The IAD also incorporate as part of its audit work, the detection of fraud risk and anti-money laundering activities.

Identifying, evaluating and managing of risks faced by the Company are an on-going process that encompasses the following areas:

(a) Underwriting

The Company exercises control over underwriting exposures covering both risks accepted and reinsured. Exposure limits are reviewed as and when necessary.

(b) Financial Control Procedures

Detailed controls are laid down in the procedural manuals of each operating unit.

(c) Financial Position

Yearly business plans and budgets are submitted to the Board for their approval at the beginning of each financial year. As part of regular performance monitoring, the financial reports are submitted to the Board for their review at every Board Meeting. These reports cover all key operational areas and provide a sound basis for the Board to assess the Company's financial performance and to identify potential problems faced by the Company.

(d) Investment

The terms of reference of the Investment Committee and the Head of Investment Department, the investment policies and guidelines and the investment decision making structure and process are clearly defined in the Investment Department's manual. Performance of investment funds and equity exposure reports are amongst the reports submitted to the Investment Committee for review at their regular meetings. Investment limits are monitored continuously to ensure compliance with the specification of admitted assets pursuant to Section 46(2) of the Insurance Act, 1996.

(e) Information System

The IT Steering Committee, whose members are represented by Senior Management of the Company, the Head of IT and IAD, is responsible for identifying IT needs of the Company in line with the requirements of BNM's Guidelines on Management of IT Environment (GPIS 1).

(f) Claims

The Company exercises control over the processing and payments of claims. The allocations of provisions are annually reviewed.

(g) Internal Audit

The IAD reports directly to the Audit Committee (AC) functionally and its findings and recommendations are communicated to the AC via internal audit reports. Reports are issued within one and half months from completion of the audits and tabled to the AC regularly. In addition, the AC reviews the annual audit plan and follow-up actions on various audit observations. The AC Chairman provides written reports to the Board on the deliberation of the AC on a regular basis. A copy of the report is extended to the affected management personnel and the members of the AC. In line with BNM circular JP 3/2/99 requirements, audit reports are also submitted to BNM.

Public Accountability

As a custodian of public funds, the Company's dealings with the public are always conducted fairly, honestly and professionally.

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.

(a) Directors' Responsibility Statement

The Directors are required by the Companies Act 1965 to prepare financial statements in accordance with applicable approved accounting standards on the state of affairs of the Company, the results and the cash flows of the Company for the financial year.

CORPORATE GOVERNANCE (CONTINUED)

Financial Reporting (continued)

In preparing the financial statements, the Directors have:

- (i) Selected suitable accounting policies and applied them constantly;
- (ii) Made judgement and estimates that are reasonable and prudent;
- (iii) Ensured that all applicable accounting standards have been followed; and
- (iv) Prepared financial statements on the going concern basis as the Directors have a reasonable expectation, having made inquiries that the Company have adequate resources to continue in operational existence for the foreseeable future.

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

The Directors have the overall responsibility for taking reasonable steps to safeguard the assets of the Company, and to prevent and detect fraud and other irregularities.

DIRECTORS

The Directors who have held office during the period since the date of the last report are:

YAM Tan Sri Dato' Seri Syed Anwar Jamalullail

David Chan Mun Wai

Dato' Dr. Mohd Shahari Ahmad Jabar

Lawrence Pereira

Datuk Abdul Shukor Hassan

Chan Kok Seong

George Isac Pereire

Khalid Abdol Rahman

(appointed on 7 December 2007)

Hasni Harun

(resigned on 7 December 2007)

Hashim Harun

(resigned on 31 March 2008)

In accordance with the Company's Article of Association, YAM Tan Sri Dato' Seri Syed Anwar Jamalullail and Chan Kok Seong, retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

In accordance with the Company's Article of Association, Khalid Abdol Rahman, who was appointed during the period, retire at the forthcoming Annual General Meeting and being eligible, offers himself for re-election.

Pursuant to section 129 of the Companies Act, 1965, Dato' Dr. Mohd Shahari Ahmad Jabar, Lawrence Pereira and Datuk Abdul Shukor Hassan retire and a resolution is being proposed for their reappointments as Director under the provision of section 129(6) of the said Act to hold office until the next Annual General Meeting of the Company.

DIRECTORS' INTERESTS

According to the register of Directors' shareholdings, the interests of Directors in office at the end of the year in shares in the Company and in shares in its related corporations were as follows:

	Number of Ordinary Shares of RM1.00 each			As at 31.3.2008
	As at 1.4.2007	Acquired	Disposed	
In the Company				
Direct:				
George Isac Pereire	2,052,381	-	-	2,052,381
Indirect:				
Lawrence Pereira*	9,850,000	-	-	9,850,000
Datuk Abdul Shukor Hassan**	10,003,175	-	-	10,003,175
In DRB-HICOM Berhad (Ultimate Holding Company)				
Direct:				
George Isac Pereire	170,000	-	-	170,000

* Deemed interest by virtue of his interest in the shares of Emaco Sdn Bhd in accordance with Section 6A(4) of the Companies Act, 1965.

**Deemed interest by virtue of his interest in the shares of Salinah Enterprise Sdn Bhd in accordance with Section 6A(4) of the Companies Act, 1965.

None of the Directors in office at the end of the year held any interests in the shares and/or options over shares in the Company or in its related corporations during the year.

DIRECTORS' BENEFITS

During and at the end of the 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 its ultimate holding company, DRB-HICOM Berhad, to certain Directors of the Company pursuant to DRB-HICOM Berhad's Employees' Share Option Scheme.

Since the end of the previous year, no Director of the Company has received or become entitled to receive any benefit (other than Directors' remuneration and benefits provided to Directors disclosed in Note 18 to the financial statements) by reason of a contract made by the Company or a related corporation with a 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, except for any deemed benefits that may accrue to a Director by virtue of normal trade transactions between the Company and companies in which the Director has significant equity interest.

Directors' Report (continued)

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IMMEDIATE HOLDING COMPANY AND ULTIMATE HOLDING COMPANY

The immediate holding company is Uni.Asia Capital Sdn. Bhd. The Directors regard DRB-HICOM Berhad as the ultimate holding company of the Company. Both companies are incorporated in Malaysia.

AUDITORS

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

In accordance with a resolution of the Board of Directors dated 11 June 2008.

TAN SRI DATO' SERI SYED ANWAR JAMALULLAIL
DIRECTOR

DAVID CHAN MUN WAI
DIRECTOR

Kuala Lumpur

Balance Sheet as at 31 March 2008

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	Note	2008 RM'000	2007 RM'000
ASSETS			
Property, plant and equipment	4	46,891	46,115
Prepaid lease payments	5	6,636	6,716
Investment properties	6	34,260	27,405
Investments	7	473,264	463,307
Loans	8	1,049	945
Amount due from immediate holding company	28	8	8
Deferred tax assets	9	768	3,396
Receivables	10	40,577	40,341
Current tax recoverable		3,308	-
Cash and bank balances		1,781	4,386
Total assets		608,542	592,619
LIABILITIES			
Provision for outstanding claims	11	203,185	200,252
Payables	12	26,698	27,668
Post employment benefit obligations	13	817	716
Current tax liabilities		-	6,224
		230,700	234,860
Unearned premium reserves	14	137,419	121,605
Total liabilities		368,119	356,465
SHAREHOLDERS' EQUITY			
Share capital	15	100,000	100,000
Reserves	16	140,423	136,154
		240,423	236,154
Total liabilities and shareholders' equity		608,542	592,619

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

Income Statement

for the year ended 31 March 2008

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	Note	2008 RM'000	2007 RM'000
Operating revenue	17	370,723	345,345
Shareholders' fund:			
Management expenses	18	(2,302)	(2,451)
		(2,302)	(2,451)
Surplus transferred from Revenue Account		26,366	66,954
Profit before taxation		24,064	64,503
Taxation	21	(5,723)	(19,032)
Profit for the year		18,341	45,471
Earnings per share (sen)	22	18.34	45.47

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

General Insurance Revenue Account for the year ended 31 March 2008 27

	Note	Fire RM'000	Motor RM'000	Marine, Aviation & Transit RM'000	Misce- llaneous RM'000	Total RM'000
Gross premium		47,284	260,770	10,795	30,692	349,541
Reinsurance		(21,002)	(15,038)	(8,186)	(12,169)	(56,395)
Net premium		26,282	245,732	2,609	18,523	293,146
Increase in unearned premium reserves	14	(1,761)	(13,676)	(84)	(293)	(15,814)
Earned premium		24,521	232,056	2,525	18,230	277,332
Net claims incurred	24	(8,111)	(178,933)	(911)	(9,119)	(197,074)
Net commission		(1,380)	(21,491)	(105)	(2,426)	(25,402)
Underwriting surplus before management expenses		15,030	31,632	1,509	6,685	54,856
Management expenses	18					(58,717)
Underwriting deficit						(3,861)
Investment income	19					21,182
Other operating income - net	20					9,045
Surplus transferred to Income Statement						26,366

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

General Insurance Revenue Account for the year ended 31 March 2007 28

	Note	Fire RM'000	Motor RM'000	Marine, Aviation & Transit RM'000	Misce- llaneous RM'000	Total RM'000
Gross premium		44,514	241,645	8,671	29,736	324,566
Reinsurance		(20,766)	(13,884)	(6,540)	(10,583)	(51,773)
Net premium (Increase)/decrease in unearned premium reserves	14	23,748 (385)	227,761 17,632	2,131 (119)	19,153 (241)	272,793 16,887
Earned premium		23,363	245,393	2,012	18,912	289,680
Net claims incurred	24	(9,173)	(150,840)	(628)	(11,911)	(172,552)
Net commission		(1,411)	(19,762)	(26)	(2,312)	(23,511)
Underwriting surplus before management expenses		12,779	74,791	1,358	4,689	93,617
Management expenses	18					(64,035)
Underwriting surplus						29,582
Investment income	19					20,779
Other operating income - net	20					16,593
Surplus transferred to Income Statement						66,954

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

Statement Of Changes In Equity for the year ended 31 March 2008

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	Note	Issued and fully paid ordinary shares of RM1 each		Non-distributable Asset revaluation reserve RM'000	Distributable Retained earnings RM'000	Total RM'000
		Number of shares 000	Nominal value RM'000			
At 1 April 2007						
- as previously reported		100,000	100,000	3,517	132,637	236,154
- changes in accounting policy	29	-	-	(628)	628	-
- as restated		100,000	100,000	2,889	133,265	236,154
Surplus on revaluation of self occupied properties		-	-	5,107	-	5,107
Deferred tax on revaluation of self occupied properties		-	-	(679)	-	(679)
Net gain not recognised in income statement		-	-	4,428	-	4,428
Profit for the year		-	-	-	18,341	18,341
Dividends:						
- final for the year ended 31 March 2007	23	-	-	-	(11,100)	(11,100)
- interim for the year ended 31 March 2008	23	-	-	-	(7,400)	(7,400)
		100,000	100,000	7,317	133,106	240,423
At 1 April 2006		100,000	100,000	3,517	105,199	208,716
Realisation of revaluation surplus net of tax of properties, plant and equipment on disposal		-	-	(48)	48	-
Reversal of deferred tax liabilities on revaluation surplus of property, plant and equipment upon disposal		-	-	-	19	19
Reversal of deferred tax liabilities due to change in tax rates		-	-	48	-	48
Net gain not recognised in income statement		-	-	-	67	67
Profit for the year		-	-	-	45,471	45,471
Dividends:						
- final for the year ended 31 March 2006	23	-	-	-	(10,800)	(10,800)
- interim for the year ended 31 March 2007	23	-	-	-	(7,300)	(7,300)
		100,000	100,000	3,517	132,637	236,154

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

Cash Flow Statement for the year ended 31 March 2008

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	Note	2008 RM'000	2007 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		18,341	45,471
Adjustments for non-cash items	25	(5,619)	(30,644)
		12,722	14,827
(Increase)/decrease in loans		(104)	133
Increase in fixed and call deposits		(33,801)	(54,830)
Purchase of investments		(191,675)	(111,235)
Proceeds from disposal of investments		146,105	171,784
Proceeds from maturity of investments		71,750	10,000
Interest income received		19,933	18,577
Dividend income received		1,965	2,233
Other investment income received		1,383	(1,048)
Payment of staff retirement benefits		-	(515)
Decrease in trade receivables		603	4,121
Increase/(decrease) in trade payables		1,751	(2,785)
Increase/(decrease) in provision for outstanding claims		2,933	(15,179)
(Increase)/decrease in other receivables		(325)	610
Increase/(decrease) in other payables		(2,721)	246
		30,519	36,939
Cash generated from operations		30,519	36,939
Tax paid		(13,307)	(17,456)
		17,212	19,483
Net cash inflow from operating activities		17,212	19,483
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(1,357)	(1,089)
Proceeds from disposal of property, plant and equipment		40	582
		(1,317)	(507)
Net cash outflow from investing activities		(1,317)	(507)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(18,500)	(18,100)
		(18,500)	(18,100)
Net cash outflow from financing activities	26	(18,500)	(18,100)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	26	(2,605)	876
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	26	4,386	3,510
CASH AND CASH EQUIVALENTS AT END OF YEAR	26	1,781	4,386

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

1 PRINCIPAL ACTIVITIES AND GENERAL INFORMATION

The Company is principally engaged in the underwriting of all classes of general insurance business.

There have been no significant changes in the nature of this activity during the year.

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

The immediate holding company is Uni.Asia Capital Sdn. Bhd. The Directors regard DRB-HICOM Berhad as the ultimate holding company of the Company. Both companies are incorporated in Malaysia.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 29 May 2008.

2 SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies, unless otherwise stated below, 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 are prepared under the historical cost convention except as disclosed in this summary of significant accounting policies. The financial statements comply with Financial Reporting Standards ("FRS"), the Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards in Malaysia for Entities Other than Private Entities, the provisions of the Insurance Act, 1996, and relevant Guidelines and Circulars issued by Bank Negara Malaysia ("BNM") and the provisions of Companies Act, 1965, in all material respects.

The preparation of financial statements in conformity with FRS requires the use of estimates and assumptions that affect the reported amount 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 year. Although these estimates are based on the Directors' best knowledge of current events and actions, actual results may differ from those estimates.

The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are in Note 3 to the financial statements.

The accounting policies and methods of computation adopted during the year are consistent with those adopted for the annual audited financial statement for the year ended 31 March 2007 except for the following new and revised FRS issued by the MASB that are effective in the current financial year beginning 1 April 2007:

(i) Standards that are effective and relevant to the Company's operations

The new accounting standards effective and relevant to the Company's operations, for the Company's financial year beginning on 1 April 2007 are as follows:

FRS 117 Leases

FRS 124 Related Party Disclosure

There was no significant impact to the Company's accounting policies arising from the adoption of the above new accounting standards other than the adoption of FRS 117 which requires leasehold land to be presented separately as prepayment and not part of the property, plant and equipment. Accordingly, amortisation of the prepaid lease payment is required to be disclosed separately and not part of the depreciation of property, plant and equipment.

FRS 124 requires the disclosure of compensation of key management personnel.

(ii) Standards, amendments to published standards and interpretations that are effective but not relevant to the Company's operations

The new accounting standards, amendments to published standards, but not relevant to the Company's operations, for the Company's financial year beginning on 1 April 2007 are as follows:

TR i-1 Accounting for Zakat on Business

Amendments to FRS 119₂₀₀₄ - Employee Benefits – Actuarial Gains and Losses, Group Plans and Disclosures

FRS 6 Exploration for and Evaluation of Mineral Resources

TR i-2 Ijarah

The Company has not adopted the following FRSs that are not mandatory for the current financial year.

(iii) Standards, amendments to published standards and interpretations to existing standards that are not yet effective and have not been early adopted

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(a) Basis of preparation (Continued)**

(iii) Standards, amendments to published standards and interpretations to existing standards that are not yet effective and have not been early adopted (Continued)

The new and revised standards and amendments to published standards that are applicable to the Company, which the Company has not early adopted, are as follows:

- Amendment to FRS 121-The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operations (effective for accounting period beginning on or after 1 July 2007). This amendment requires exchange differences on monetary items that form part of the net investment in a foreign operation to be recognised in equity instead of in profit or loss regardless of the currency in which these items are denominated in. This amendment is not relevant to the Company as the Company does not have any investment in a foreign operation.
- FRS 112-Income Taxes (effective for accounting periods beginning on or after 1 July 2007). This revised standard removes the requirements that prohibit recognition of deferred tax on unutilised reinvestment allowances or other allowances in excess of capital allowances. This amendment is not relevant to the Company as the Company does not have any reinvestment allowances or other allowances in excess of capital allowances.
- FRS 120-Accounting for Government Grants and Disclosure of Government Assistance (effective for accounting periods beginning on or after 1 July 2007). This revised standard allows the alternative treatment or recording non-monetary government grant at nominal amount on initial recognition. FRS 120 is not relevant to the Company as the Company does not receive any government grants nor assistance.
- Other revised standards (effective for accounting periods beginning on or after 1 July 2007) that have no significant changes compared to the original standards:
 - FRS 107 Cash Flow Statements
 - FRS 111 Construction Contracts
 - FRS 118 Revenue
 - FRS 137 Provisions, Contingent Liabilities and Contingent Asset

The Company will apply these standards from the beginning of the financial year on 1 April 2008. There is no significant impact arising from these revisions.

- FRS 139 Financial Instruments: Recognition and Measurement (effective date yet to be determined by the Malaysian Accounting Standard Board). The Company will apply this standard when effective. The Company has applied the transitional provision in FRS 139 which exempts entities from disclosing the possible impact arising from the initial application of this standard on the financial statements of the Company.
- IC Interpretation 1-Changes in Existing Decommissioning, Restoration and Similar Liabilities (effective for financial periods beginning on or after 1 July 2007). This interpretation deals with changes in the estimated timing or amount of outflow of resources required to settle the obligation or a change in the discount rate. This IC Interpretation is not relevant to the Company.
- IC Interpretation 2-Members' Shares in Co-operative Entities and Similar Instruments (effective for financial periods beginning on or after 1 July 2007). This interpretation deals with liability or equity classification of financial instruments which give the holder the right to request redemption, but subject to limits on whether it will be redeemed. This IC Interpretation is not relevant to the Company.
- IC Interpretation 5-Rights to Interests arising from Decommission, Restoration and Environment Rehabilitation Funds (effective for financial periods beginning on or after 1 July 2007). This interpretation deals with accounting by a contributor for its interests arising from decommissioning funds. This IC Interpretation is not relevant to the Company.
- IC Interpretation 6-Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment (effective for financial period beginning on or after 1 July 2007). This interpretation provides guidance on the recognition, in the financial statements of the producers, of liabilities for waste management under the European Union Directive in respect of sales of historical household equipment. This IC Interpretation is not relevant to the Company.
- IC Interpretation 7-Appling the Restatement Approach under FRS 129 Financial Reporting in Hyperinflationary Economies (effective for financial periods beginning on or after 1 July 2007). This interpretation provides guidance on how to apply the requirement of FRS 129 in a reporting period in which an entity identifies the existence of hyperinflationary in the economy of its functional currency, when that economy was not hyperinflationary in prior period. This IC interpretation is not relevant to the Company.
- IC Interpretation 8-Scope of FRS 2-(effective for financial periods beginning on or after 1 July 2007). This interpretation clarifies that FRS 2 Share-based Payment applies even in the absence of specifically identifiable goods and services. This IC Interpretation is not relevant to the Company.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(b) Property, plant and equipment**

Property, plant and equipment are initially stated at cost.

Freehold and leasehold land and buildings are stated at valuation based upon the latest independent valuation on the open market value basis by professional valuers after less subsequent depreciation and impairment loss. These properties are revalued at regular intervals of at least once in every three years by independent professional valuers with additional valuation in the intervening years where market conditions indicate that the carrying values of the revalued assets differ materially from market values.

Subsequent cost is 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 period in which they are incurred.

Surpluses arising from revaluation of these properties are credited directly to an asset revaluation reserve account. Surpluses arising from revaluation of these properties are credited to the income statement and/or revenue account to the extent that they offset any previously recorded deficits on that same asset. Deficits arising from revaluation of these properties are charged against the asset revaluation reserve account to the extent of a previous surplus held in that account for that same asset. In all other cases, deficits arising from revaluation of these properties are recognised as an expense in the income statement and/or revenue account.

All other property, plant and equipment are stated at cost less accumulated depreciation and impairment loss cost include expenditure that is directly attributable to the acquisition of the asset.

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

Freehold buildings	50 years
Leasehold building	50 years
Motor vehicles	5 years
Computer equipment	5 years
Office equipment	10 years
Furniture and fittings	20 years

The residual values and useful lives of property, plant and equipment are reviewed, and adjusted as 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 (g) on impairment of non-financial assets.

Gains and losses on disposals are determined by comparing proceeds with the carrying amounts and are included in the income statement and/or revenue account.

(c) Investments

Investments in Malaysian Government Securities, Cagamas Papers and other unquoted approved debt securities as specified by BNM, are stated at cost, adjusted for the amortisation of premiums or the accretion of discounts calculated on a constant yield basis over the period from the date of purchase to maturity date except where there is an indication or impairment, the investment is written-down to its net realisable value. The amortisation of premiums and accretion of discounts are recognised in the income statements and/or revenue account.

Quoted investments are stated at the lower of cost and market value determined on an aggregate portfolio basis by category of investments, except that if diminution in value of a particular investment is not regarded as temporary, a write down to average median market value is made against the value of that investment. Market value is determined by reference to the stock exchange closing price at the balance sheet date.

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

(d) Investment properties

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

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(d) Investment properties (Continued)**

Investment properties are initially stated at cost including related and incidental expenditure incurred and are subsequently carried at fair value, representing open-market value determined by independent external valuers. 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 values of the investment properties differ materially from the fair values. These valuations are reviewed by an independent valuation expert.

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 year of the retirement or disposal.

(e) 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 motor premiums including agents balances which remain outstanding for more than 30 days and non-motor premiums including agents balances or reinsurance balances six months from the date on which they become receivable, and for all debts which are considered doubtful.

(f) Cash and cash equivalents

For the purposes of the cash flow statements, cash and cash equivalents consist of cash in hand and bank balances.

(g) Impairment of non-financial 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 value of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and the 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.

An impairment loss is charged to the income statement and/or revenue account immediately. Any subsequent increase in recoverable amount is recognised in the income statement and/or revenue account.

(h) General insurance underwriting results

The general insurance underwriting results are determined for each class of business after taking into account reinsurances, commissions, unearned premiums and claims incurred.

Premium income

Premium income is recognised in a financial year in respect of risks assumed during that particular financial year. Premiums from direct business are recognised during the financial year upon the issuance of insurance policies. Premiums in respect of risks incepted for which policies have not been issued as of the balance sheet date are accrued at that date.

Inward treaty reinsurance premiums are recognised on the basis of periodic advices received from ceding insurers.

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

Unearned premium reserves

Unearned premium reserves ("UPR") represent the portion of the net premiums of insurance policies written that relate to the unexpired periods of the policies at the end of the financial year.

In determining the UPR at the balance sheet date, the method that most accurately reflects the actual unearned premium is used, as follows:

- (i) 25% method for marine cargo, aviation cargo and transit;
- (ii) 1/24th method for all other classes of Malaysian general policies reduced by the percentage of accounted gross direct business commissions to the corresponding premiums, not exceeding limits specified by Bank Negara Malaysia;
- (iii) 1/8th method for all other classes of overseas inward business with a deduction of 20% for acquisition costs; and
- (iv) time appointment method for policies with insurance periods other than 12 months.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(h) General insurance underwriting results (Continued)****Provision for claims**

A liability for outstanding claims is recognised in respect of both direct insurance and inward reinsurance. The amount of outstanding claims is the best estimate of the expenditure required together with related expenses less recoveries to settle the present obligation at the balance sheet date.

Provision is also made for the cost of claims, together with related expenses, incurred but not reported at the balance sheet date, based on an actuarial valuation by an independent qualified actuary.

Acquisition costs

The costs of acquiring and renewing insurance policies, net of income derived from ceding reinsurance premiums, are recognised as incurred and allocated to the periods in which they give rise to income.

(i) Other revenue recognition

Interest income on loans are recognised on an accrual basis except for a loan which is considered non-performing, i.e. 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.

Other interest income, including the amortisation of premiums and accretion of discounts, is recognised on a time proportion basis that takes into account the effective yield of the asset.

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, rental income is recognised on the receipt basis until all arrears have been paid.

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

Gains and losses arising on disposal of investments are credited or charged to the income statements and/or revenue accounts.

(j) Income taxes

Current tax expense is determined according to the tax laws of the jurisdiction in which the Company operates and includes 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.

Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

(k) Foreign currencies

The financial statements are presented in Ringgit Malaysia.

Foreign currency transactions in the Company are accounted for at exchange rates prevailing at the transaction dates. Foreign currency monetary assets and liabilities at the balance sheet date are translated at the rates of exchange ruling at that 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 statements and/or revenue accounts.

(l) Employee benefits**(i) Short term employee benefits**

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

(ii) Defined contribution plan

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

The Company's contributions to defined contribution plan are charged to the income statement and/or revenue account in the period to which they relate. Once the contributions have been paid, the Company have no further payment obligation.

(iii) Termination benefits

Termination benefits are payable to an entitled employee whenever the employment has to be terminated before the normal retirement date or when the employee accepts voluntary separation in exchange for these benefits. The Company recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(m) Share capital****(i) Classification**

Ordinary shares are classified as equity.

(ii) Dividends to shareholders of the Company

Dividends on ordinary shares are recognised as liabilities when declared before the balance sheet date. A dividend proposed after the balance sheet date, but before the financial statements are authorised for issue, is not recognised as a liability at the balance sheet date. Upon the dividend becoming payable, it will be accounted for as a liability.

(n) Contingent liabilities and contingent assets

The Company does not recognise a contingent liability but disclosed 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 contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

(o) Finance leases

Leases of property, plant and equipment where the Group assumes substantially all the benefits and risks of ownership are classified as finance leases. Assets acquired under finance lease arrangements are included in property, plant and equipment and the capital element of the leasing commitments is shown under borrowings. The lease rentals are treated as consisting of capital and interest element. The capital element is applied to reduce the outstanding obligations and the interest element is charged to income statement so as to give a constant periodic rate of interest on the outstanding liability at the end of each accounting period. Assets acquired under finance lease are amortised over the useful lives of equivalent owned assets or its lease term, if shorter.

(p) Operating leases

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rental payments on operating leases are charged to the income statement in the financial year they become payable.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

Payment for rights to land and buildings over a predetermined period is classified as prepaid lease rental 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 ranging from 71 to 887 years.

(q) 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. The fair value of forward foreign exchange contracts is determined using forward exchange market rates at the balance sheet date.

In assessing the fair value of non-traded 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 Group 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.

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 expectations of future events that are believed to be reasonable under the circumstances.

3.1 Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. 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.

(a) Provision for incurred but not reported (“IBNR”) claims

The estimation of provision for incurred but not reported claims involves projection of the Company’s future claims experience. As with all projections, there are elements of inherent uncertainty in any estimates, as a result of which the projected future claims experience may be different from its actual claims experience. These uncertainties arise from changes in underlying risks, changes in spread of risk, claims settlement, for example, size of court awards, the attitudes of claimants towards settlement of their claims, and social and economic inflation as well as uncertainties in the projection model and underlying assumptions. The final selected estimates are based on a judgemental consideration of results of each method and qualitative information, such as those mentioned above. It is thus, impractical to disclose the extent of the possible effects of potential changes to the key assumptions used in assessing the provision for incurred but not reported claims due to the number of variables included in the assessment.

(b) Fair values of investment properties

Fair value of investment properties are valued at open market value by independent property valuers, 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 adjusted if necessary, for any difference in the nature, location or condition of the specific asset or discounted cash flow projections.

(c) Assessment of impairment of unquoted corporate debt securities

Investments held in unquoted corporate debt securities are assessed for impairment where there are objective indicators of impairment. Included in the Company’s investments is an unquoted corporate debt security which was restructured during the year and subsequently was not rated by the rating agencies of Malaysia. Projected cash flows are used which are then present valued using a discount rate, to assess the fair values of those unquoted corporate debt securities. The variances used in the cash flow included the following:-

- (i) annual growth rate of 6.72%
- (ii) internal rate of return of 10.86%

3.2 Critical judgement in applying the entity’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 Group. The Directors are of the view that currently there are no accounting policies which require significant judgement to be exercised.

Notes To The Financial Statements 31 March 2008 (continued)

4 PROPERTY, PLANT AND EQUIPMENT

	Freehold land RM'000	Freehold buildings RM'000	Long term leasehold buildings RM'000	Motor vehicles RM'000	Furniture, fittings and equipment RM'000	Office equipment RM'000	Office renovation RM'000	Computer equipment RM'000	Total RM'000
Net book value at 1 April 2007	2,247	5,878	27,321	1,007	2,297	956	3,489	2,920	46,115
Additions at cost	-	-	-	156	108	224	501	368	1,357
Disposals at net book value	-	-	-	-	-	-	(8)	(1)	(9)
Surplus from revaluation reserve	367	202	4,538	-	-	-	-	-	5,107
Deficit from revaluation recognised in profit and loss	-	(7)	-	-	-	-	-	-	(7)
Reversal of revaluation deficit previously recognised in profit and loss	-	-	1,092	-	-	-	-	-	1,092
Write off at net book value	-	-	-	-	(18)	(24)	(10)	-	(52)
Transferred to investment properties	(261)	(3,127)	-	-	-	-	-	-	(3,388)
Depreciation charge/reversal for the financial year	178	(119)	(665)	(91)	(172)	(206)	(820)	(1,430)	(3,325)
Net book value at 31 March 2008	2,531	2,827	32,286	1,072	2,215	950	3,152	1,858	46,891
At 31 March 2008:									
At cost	-	-	-	1,711	3,595	3,590	9,400	16,039	34,335
Valuation	2,531	2,827	32,286	-	-	-	-	-	37,644
Accumulated depreciation	-	-	-	(639)	(1,380)	(2,640)	(6,248)	(14,181)	(25,088)
Net book value	2,531	2,827	32,286	1,072	2,215	950	3,152	1,858	46,891

Notes To The Financial Statements 31 March 2008 (continued)

4 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Freehold land RM'000	Freehold buildings RM'000	Long term leasehold buildings RM'000	Motor vehicles RM'000	Furniture, fittings and equipment RM'000	Office equipment RM'000	Office renovation RM'000	Computer equipment RM'000	Total RM'000
Net book value at 1 April 2006	2,453	6,230	33,443	931	2,529	1,141	4,456	3,811	54,994
Additions at cost	-	-	-	263	19	55	18	734	1,089
Disposals at net book value	(124)	(182)	-	(125)	(9)	-	(1)	(4)	(445)
Write off at net book value	-	-	-	-	(64)	(14)	(118)	(1)	(197)
Depreciation charge for the financial year	(82)	(170)	(791)	(62)	(178)	(226)	(866)	(1,620)	(3,995)
Effect of FRS 117			(5,331)						(5,331)
Net book value at 31 March 2007	2,247	5,878	27,321	1,007	2,297	956	3,489	2,920	46,115
At 31 March 2007:									
At cost	-	-	-	1,555	3,509	3,593	9,012	15,692	33,361
Valuation	2,425	6,246	28,761	-	-	-	-	-	37,432
Accumulated depreciation	(178)	(368)	(1,440)	(548)	(1,212)	(2,637)	(5,523)	(12,772)	(24,678)
Net book value	2,247	5,878	27,321	1,007	2,297	956	3,489	2,920	46,115

4 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

During the year, the Directors revalued all freehold and long term leasehold buildings properties of the Company held as property, plant and equipment based on independent valuation on the open market value basis by Rahim & Co. Chartered Surveyors Sdn. Bhd., an independent professional qualified valuer.

Had the freehold and long term leasehold buildings been carried at historical cost less accumulated depreciation, the carrying amounts that would have been included in the financial statements at the end of the year are as follows:

	2008	2007
	RM'000	RM'000
Freehold land and buildings	2,779	6,136
Long term leasehold buildings	25,477	26,102
	<hr/>	<hr/>
	28,256	32,238
	<hr/>	<hr/>

The long term leasehold buildings have unexpired lease periods ranging from 71 years to 887 years (31.3.2007: 72 years to 888 years).

The titles to certain long term leasehold properties and freehold properties included in property, plant and equipment at carrying value of RM 31,022,305 (2007: RM26,220,253) and RM 1,465,000 (2007: RM1,279,384) respectively, are in the process of being transferred to the Company. Risks, rewards and effective titles to these properties have been passed to the Company upon unconditional completion of the acquisition of those properties. The Company has submitted the relevant documents to the land authorities for transfer of legal titles to the Company and is awaiting the process and finalisation of this transfer to be completed.

5 PREPAID LEASE PAYMENTS

	2008	2007
	RM'000	RM'000
Cost		
At 1 April		
- As previously reported	-	-
- FRS 117 adjustment	7,089	7,089
	<hr/>	<hr/>
As restated at 31 March (Note 29)	7,089	7,089
	<hr/>	<hr/>
Accumulated depreciation		
At 1 April		
- As previously reported	-	-
- FRS 117 adjustment (Note 29)	373	201
	<hr/>	<hr/>
As restated	373	201
Amortisation during the year	80	172
	<hr/>	<hr/>
At 31 March	453	373
	<hr/>	<hr/>
Net book value	6,636	6,716
	<hr/>	<hr/>

The titles to the leasehold land with carrying value of RM5,256,866 (2007: RM5,331,608) are in the process of being transferred to the Company. Risks, rewards and effective titles to these properties have been passed to the Company upon unconditional completion of the acquisition of those properties. The Company has submitted the relevant documents to the land authorities for transfer of legal titles to the Company and is awaiting the process and finalisation of this transfer to be completed.

6 INVESTMENTS PROPERTIES

	Freehold land and building RM'000	Leasehold land and building RM'000	Total RM'000
Carrying value at 1 April 2007	5,405	22,000	27,405
Transferred from property, plant and equipment at net book value	3,389	-	3,389
Changes in fair value during the year	966	2,500	3,466
Carrying value at 31 March 2008	9,760	24,500	34,260
Carrying value at 1 April 2006 / 31 March 2007	5,405	22,000	27,405

The fair value of the investment properties of the Company as at 31 March 2008 were based on valuations by Rahim and Co. Chartered Surveyors Sdn. Bhd., an independent professional qualified valuer. Valuations for the properties were based on current prices in an active market.

The titles to the leasehold land and buildings and freehold land and buildings included in investment properties at carrying value of RM24,500,000 (2007: RM22,000,000) and RM7,500,000 (2007: RM5,405,000) are in the process of being transferred to the Company. Risks, rewards and effective titles to these properties have been passed to the Company upon unconditional completion of the acquisition of those properties. The Company has submitted the relevant documents to the land authorities for transfer of legal titles to the Company and is awaiting the process and formalisation of this transfer to be completed.

7 INVESTMENTS

	Carrying value RM'000	2008 Market value RM'000	Carrying value RM'000	2007 Market value RM'000
Malaysian Government Securities, at cost	47,396		53,203	
Amortisation of premiums net of accretion of discounts	(1,162)		(3,780)	
	46,234	46,264	49,423	49,342
Quoted:				
Equity securities of corporations - quoted in Malaysia, at cost	3,810	4,148	4,593	5,575
Unit trust, at cost	19,170	20,344	13,570	13,930
Unquoted:				
Equity securities of corporations, at cost	214		214	
Allowance for diminution in value	(121)		(121)	
	93		93	
Corporate debt securities, at cost	142,625		166,018	
Accretion of discounts net of amortisation of premiums	835		230	
Allowance for diminution in value	(3,692)		(1,008)	
	139,768		165,240	
Fixed and call deposits with: Licensed banks	264,189		230,388	
TOTAL INVESTMENTS	473,264		463,307	

7 INVESTMENTS (CONTINUED)

The maturity structure of money market instruments, corporate debt securities and fixed and call deposits above is as follows:

	2008	2007
	RM'000	RM'000
Investments maturing within 12 months	295,075	303,364
Investments maturing after 12 months	155,116	141,687
	<hr/> 450,191	<hr/> 445,051

8 LOANS

	2008	2007
	RM'000	RM'000
Staff housing loans (secured)	1,022	893
Staff vehicle loans (secured)	9	14
Other staff loans (unsecured)	18	38
	<hr/> 1,049	<hr/> 945
Receivable within 12 months	144	100
Receivable after 12 months	905	845
	<hr/> 1,049	<hr/> 945

9 DEFERRED TAXATION

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 tax authority.

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

	2008	2007
	RM'000	RM'000
Deferred tax assets	768	3,396
At 1 April	3,396	3,760
(Charged)/credited to income statements (Note 21):		
- property, plant and equipment	214	330
- investments	(1,376)	(838)
- receivables	-	1
- retirement benefits	35	(175)
- payables	(807)	228
- unearned premium reserves	(15)	23
	<hr/> (1,949)	<hr/> (431)
Charged to equity	(679)	67
At 31 March	<hr/> 768	<hr/> 3,396

Subject to income tax:

Deferred tax assets (after offsetting)

Investments	2,925	4,301
Receivables	4	4
Retirement benefits	298	263
Payables	244	1,051
Unearned premium reserves	-	10
	<hr/> 3,471	<hr/> 5,629
Offsetting	(2,703)	(2,233)
Deferred tax asset (after offsetting)	<hr/> 768	<hr/> 3,396

9 DEFERRED TAXATION (CONTINUED)

	2008	2007
	RM'000	RM'000
Deferred tax liabilities (before offsetting)		
Property, plant and equipment		
- credited to income statement	719	933
- charged to equity	1,979	1,300
	<hr/> 2,698	<hr/> 2,233
Unearned premium reserves	5	-
	<hr/> 2,703	<hr/> 2,233
Offsetting	(2,703)	(2,233)
	<hr/> -	<hr/> -
Deferred tax liabilities (after offsetting)	<hr/> -	<hr/> -

10 RECEIVABLES**Trade receivables**

Due premiums including agents, brokers and co-insurers balances	30,358	29,511
Due from reinsurers and cedants	6,258	7,968
Allowance for doubtful debts	(7,675)	(9,023)
	<hr/> 28,941	<hr/> 28,456
Knock-for-knock claims recoveries due from other insurers	1,881	2,107
Allowance for doubtful debts	(547)	(710)
	<hr/> 1,334	<hr/> 1,397
Other receivables		
Investment income due and accrued	5,323	5,834
Assets held under Malaysian Motor Insurance Pool	2,565	2,409
Deposits	694	713
Prepayments	454	472
Other receivables less allowance for doubtful debts of RM328,000 (2007: RM328,000)	1,266	1,060
	<hr/> 10,302	<hr/> 10,488
	<hr/> 40,577	<hr/> 40,341
Receivable after 12 months	<hr/> 2,565	<hr/> 2,409

11 PROVISION FOR OUTSTANDING CLAIMS

Provision for outstanding claims	249,372	249,883
Less: Recoverable from reinsurers	(46,187)	(49,631)
Net outstanding claims	<hr/> 203,185	<hr/> 200,252

12 PAYABLES

	2008	2007
	RM'000	RM'000
Trade payables		
Due to insureds, agents, brokers and co-insurers	6,005	6,422
Due to reinsurers and cedants	12,622	10,454
	<hr/>	<hr/>
	18,627	16,876
	<hr/>	<hr/>
Other payables		
Amount due to a shareholder	61	61
Payroll liabilities	488	3,355
Defined contribution plan	331	257
Unutilised leave	576	545
Unclaimed monies	699	580
Cash collaterals held on bond business	605	599
Duties and other taxes payable	485	727
Accrual of Insurance Guarantee Scheme Fund Levy	855	794
Profit commission	43	243
Other payables and accrued liabilities	3,928	3,631
	<hr/>	<hr/>
	8,071	10,792
	<hr/>	<hr/>
	26,698	27,668

The amount due to a shareholder of the Company is unsecured, interest free and has no fixed terms of repayment.

13 POST EMPLOYMENT BENEFIT OBLIGATIONS

Defined contribution plan:

The Company contributes to the Employees' Provident Fund, the national defined contribution scheme. Additionally, the Company makes accruals for services provided by eligible employees after 31 December 2001 until the 5th year of service, after which time the accrual is paid into the individual employees' EPF accounts. The accruals are included in other payables.

Defined benefit plan:

The movements during the year in the amounts recognised in the balance sheet for the defined benefit plan are as follows:

	2008	2007
	RM'000	RM'000
At 1 April	716	1,181
Charged to income statement/revenue account	101	50
Benefits paid	-	(515)
	<hr/>	<hr/>
At 31 March	817	716
	<hr/>	<hr/>
Payable within 12 months	-	-
Payable after 12 months	817	716
	<hr/>	<hr/>
	817	716
	<hr/>	<hr/>
The amounts recognised in the balance sheet may be analysed as follows:		
Present value of unfunded obligations	817	716
	<hr/>	<hr/>
The expense recognised in the income statement/revenue account may be analysed as follows:		
Current service cost	100	50
	<hr/>	<hr/>

13 POST EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)

The principal actuarial assumptions used in respect of the defined benefit scheme were as follows:

	2008	2007
	%	%
Discount rate	7	7
Expected rate of salary increase	7	7

On 1 April 2004, the Company discontinued the operations of its unfunded defined benefit scheme. Benefits payable under the defined benefit scheme as of 31 March 2004 are payable to the individual employees' Employees' Provident Fund over a period of 5 years upon completion of 5 years of service with the Company by the respective employees.

14 UNEARNED PREMIUM RESERVES

	Fire RM'000	Motor RM'000	Marine, Aviation & Transit RM'000	Misce- llaneous RM'000	Total RM'000
2008					
At 1 April 2007	10,963	100,534	632	9,476	121,605
Increase in unearned premium reserves	1,761	13,676	84	293	15,814
At 31 March 2008	12,724	114,210	716	9,769	137,419
2007					
At 1 April 2006	10,578	118,166	513	9,235	138,492
Increase/(decrease) in unearned premium reserves	385	(17,632)	119	241	(16,887)
At 31 March 2007	10,963	100,534	632	9,476	121,605

15 SHARE CAPITAL

	2008 RM'000	2007 RM'000
Ordinary shares of RM1 each:		
Authorised	250,000	250,000
Issued and fully paid	100,000	100,000

16 RESERVES

Non-distributable		
Asset revaluation reserve	7,317	3,517
Distributable		
Retained earnings (Note (a))	133,106	132,637
	140,423	136,154

(a) Subject to agreement by the Inland Revenue Board, the Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 and tax exempt income account balance under Section 12 of the Income Tax (Amendment) Act, 1999 to pay dividends out of all its retained earnings at 31 March 2008.

17 OPERATING REVENUE

	2008	2007
	RM'000	RM'000
Insurance fund		
Gross premium income	349,541	324,566
Investment income (Note 19)	21,182	20,779
	<hr/>	<hr/>
	370,723	345,345
	<hr/>	<hr/>

18 MANAGEMENT EXPENSES

	Shareholders' fund		Insurance fund	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Staff cost (including Executive Directors):				
- Salaries and bonus	1,037	1,160	25,212	28,160
- Defined contribution scheme	149	176	3,578	4,239
- Others	122	106	2,930	2,550
	<hr/>	<hr/>	<hr/>	<hr/>
	1,308	1,442	31,720	34,949
	<hr/>	<hr/>	<hr/>	<hr/>
Amortisation of leasehold property	-	-	80	172
Depreciation of property plant and equipment	-	-	3,325	3,869
Auditors' remuneration	6	6	137	149
Writeback of doubtful debts	-	-	(1,511)	-
Allowance for doubtful debts	-	-	-	102
Bad debts written off	-	-	507	-
Rental of properties	42	40	1,003	961
Insurance Guarantee Scheme Fund Levy	-	-	748	692
EDP expenses	113	118	2,718	2,848
Advertising	247	230	5,940	5,531
Printing and stationery	83	76	2,001	1,838
Postage, telephone, telex and telefax	79	80	1,897	1,931
Training	35	72	841	1,741
Others	389	387	9,311	9,252
	<hr/>	<hr/>	<hr/>	<hr/>
	994	1,009	26,977	29,086
	<hr/>	<hr/>	<hr/>	<hr/>
	2,302	2,451	58,717	64,035
	<hr/>	<hr/>	<hr/>	<hr/>
Included in management expenses were emoluments received by Directors of the Company during the year:				
Executive Directors:				
- salaries and bonus	24	20	588	489
- defined contribution scheme	4	3	87	73
Non-Executive Directors:				
- fees	16	15	379	355
- other emoluments	9	8	211	190
	<hr/>	<hr/>	<hr/>	<hr/>
	53	46	1,265	1,107
	<hr/>	<hr/>	<hr/>	<hr/>

18 MANAGEMENT EXPENSES (CONTINUED)

The remuneration, including benefits-in-kind, attributable to the CEO of the Company during the year amounted to RM702,707 (2007: RM598,879).

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

Non-Executive Directors

YAM Tan Sri Dato' Seri Syed Anwar Jamalullail

David Chan Mun Wai

Lawrence Pereira

Datuk Abdul Shukor Hassan

George Isac Pereire

Chan Kok Seong

Dato' Dr Mohd Shahari Ahmad Jabar

Khalid Abdol Rahman

Hasni Harun

(appointed on 7 December 2007)

(resigned on 7 December 2007)

19 INVESTMENT INCOME

	2008	2007
	RM'000	RM'000
Insurance fund		
Interest from:		
Malaysian Government Securities	3,237	3,464
Cagamas papers	-	139
Corporate debt securities	8,435	9,146
Fixed and call deposits	8,228	6,738
Staff loans	42	40
	<hr/>	<hr/>
	19,422	19,527
Amortisation of premiums net of accretion of discounts	(1,588)	(1,896)
Gross dividends from shares quoted in Malaysia	1,965	2,233
Rental income from land and buildings	1,834	1,805
Less: Rates and maintenance expenses	(971)	(890)
	<hr/>	<hr/>
	21,182	20,779
	<hr/>	<hr/>

20 OTHER OPERATING INCOME – NET

Insurance fund		
Gain on disposal of investments	3,925	13,207
Write back of diminution in value of investments	-	2,737
Property, plant and equipment		
- gain on disposal	31	137
- written off	(53)	(197)
Change in fair value of investment properties	3,466	-
Reversal of revaluation deficits of property, plant and equipment	1,092	-
Revaluation deficits of property, plant and equipment	(7)	-
Loss on foreign exchange	(25)	(3)
Share of (losses)/surplus from joint venture agreement	(55)	392
Others	671	320
	<hr/>	<hr/>
	9,045	16,593
	<hr/>	<hr/>

21 TAXATION

	2008	2007
	RM'000	RM'000
Current tax	3,774	18,601
Deferred tax (Note 9)	1,949	431
	<hr/>	<hr/>
Tax expense	5,723	19,032
	<hr/>	<hr/>
Current tax		
Current year	4,414	19,203
Overaccrual in prior years	(640)	(602)
	<hr/>	<hr/>
	3,774	18,601
	<hr/>	<hr/>
Deferred tax		
Origination and reversal of temporary differences	1,949	431
	<hr/>	<hr/>
	5,723	19,032
	<hr/>	<hr/>

Numerical reconciliation between the average effective tax rate and the Malaysian tax rate:

	2008	2007
	%	%
Malaysian tax rate	26	27
Tax effects of:		
- expenses not deductible	6	4
- overaccruals in prior years	(3)	(1)
- change in tax rate	1	(1)
- income not subject to tax	(6)	-
	<hr/>	<hr/>
Average effective tax rate	24	29
	<hr/>	<hr/>

22 EARNINGS PER SHARE

	2008	Income
	RM'000	2007
	RM'000	RM'000
Net profit for the year (RM'000)	18,341	45,471
Number of ordinary shares ('000)	100,000	100,000
Basic earnings per share (sen)	18.34	45.47
	<hr/>	<hr/>

23 DIVIDENDS

Dividends declared or proposed in respect of the year ended 31 March 2008 are as follows:

	2008		2007	
	Gross dividend per share Sen	Amount of dividend, net of tax RM'000	Gross dividend per share Sen	Amount of dividend, net of tax RM'000
Interim dividend paid	10.00	7,400	10.00	7,300
Proposed final dividend	15.00	11,250	15.00	11,100
	25.00	18,650	25.00	18,400

At the forthcoming Annual General Meeting, a final gross dividend in respect of the year ended 31 March 2008 of 15 sen per share, less income tax of 25% (31.3.2007: 15 sen per share, 26% tax, RM11,100,000), amounting to RM11,250,000 will be proposed for shareholders' approval. These financial statements do not reflect this final dividend which will be accrued as a liability when approved by shareholders.

24 NET CLAIMS INCURRED

	Fire	Motor	Marine, aviation & transit	Misce- llaneous	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
2008					
Gross claims paid less salvage	16,834	183,028	1,232	12,534	213,628
Reinsurance recoveries	(6,984)	(9,955)	(344)	(2,204)	(19,487)
Net claims paid	9,850	173,073	888	10,330	194,141
Net outstanding claims:					
At 31 March 2008	6,515	178,059	1,852	16,759	203,185
At 1 April 2007	(8,254)	(172,199)	(1,829)	(17,970)	(200,252)
Net claims incurred	8,111	178,933	911	9,119	197,074
2007					
Gross claims paid less salvage	20,553	178,725	1,606	15,448	216,332
Reinsurance recoveries	(10,976)	(13,235)	(406)	(3,984)	(28,601)
Net claims paid	9,577	165,490	1,200	11,464	187,731
Net outstanding claims:					
At 31 March 2007	8,254	172,199	1,829	17,970	200,252
At 1 April 2006	(8,658)	(186,849)	(2,401)	(17,523)	(215,431)
Net claims incurred	9,173	150,840	628	11,911	172,552

25 ADJUSTMENTS FOR NON-CASH ITEMS

	2008	2007
	RM'000	RM'000
(Decrease)/increase in unearned premium reserves	15,814	(16,887)
Property, plant and equipment		
- depreciation	3,325	3,869
- gain on disposal	(31)	(137)
- written off	52	197
- revaluation deficits	7	-
- reversal of revaluation deficits	(1,092)	-
Gain on disposal of investments	(3,925)	(13,207)
Writeback of diminution in value of investments	-	(2,737)
Investment income	(21,182)	(20,779)
Writeback of doubtful debts	(1,511)	(217)
Bad debts written off	486	-
Provision for post-employment benefit	101	50
Tax expenses	5,723	19,032
Amortisation of prepaid lease properties	80	172
Change in fair value of investment properties	(3,466)	-
	<u>(5,619)</u>	<u>(30,644)</u>

26 SEGMENT INFORMATION ON CASH FLOW

	2008			2007		
	General	Share-		General	Share-	
	fund	holders'	Total	fund	holders'	Total
	RM'000	fund	RM'000	RM'000	fund	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash flows from:						
Operating activities	(1,288)	18,500	17,212	1,383	18,100	19,483
Investing activities	(1,317)	-	(1,317)	(507)	-	(507)
Financing activities	-	(18,500)	(18,500)	-	(18,100)	(18,100)
	<u>(2,605)</u>	<u>-</u>	<u>(2,605)</u>	<u>876</u>	<u>-</u>	<u>876</u>
Net decrease in cash and cash equivalents	(2,605)	-	(2,605)	876	-	876
Cash and cash equivalents:						
At beginning of the year	4,386	-	4,386	3,510	-	3,510
At end of the year	<u>1,781</u>	<u>-</u>	<u>1,781</u>	<u>4,386</u>	<u>-</u>	<u>4,386</u>

28 SIGNIFICANT RELATED PARTY DISCLOSURES

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions and balances. The transactions with the Company's related companies, being subsidiaries of DRB-HICOM Berhad ("DRB-HICOM Group") and affiliated companies, namely Edaran Otomobil Nasional Berhad and Perusahaan Otomobil Nasional Berhad, described below were carried out on terms and conditions obtainable in transactions with unrelated parties.

Related companies	Country of incorporation	Relationship
DRB-HICOM Berhad	Malaysia	Ultimate holding company
Uni.Asia Capital Sdn Bhd	Malaysia	Immediate holding company
Affiliated companies		
EON Capital Berhad	Malaysia	Associated company of DRB-HICOM Group
United Overseas Bank Berhad	Malaysia	Substantial shareholder of the immediate holding company

Significant related party balances

The amount due from immediate holding company is unsecured, interest free and has no fixed terms of repayment.

The related party balances at the balance sheet date and significant related party transactions arising from normal business transactions during the year are set out below.

	2008	2007
	RM'000	RM'000
Receivables (Note 10)		
Due premiums from related companies, DRB-HICOM Berhad Group	1,091	245
Due premiums from affiliated company, Edaran Otomobil Nasional Berhad Group	1,953	2,243
Fixed deposits in affiliated companies		
EON Bank Berhad	115,150	119,600
United Overseas Bank Berhad	17,000	14,000
	<hr/>	<hr/>
Payables (Note 12)		
Due to related companies	66	24
	<hr/>	<hr/>

Significant related party transactions

The significant related party transactions arising from normal business transactions during the year are set out below:

Transactions with related companies, DRB-HICOM Berhad

Group:

Gross premiums received	(13,432)	(12,293)
Claims paid	2,327	2,675
Maintenance charges and others	1,645	2,411

Transactions with related parties, by virtue of their relationship with a shareholder of DRB-HICOM Bhd:

Gross premium received	(1,627)	(1,932)
Claims paid	106	296

Transactions with affiliated companies, Edaran Otomobil

National Berhad Group:

Gross premiums received	(2,274)	(3,919)
Claims paid	1	264

Key management personnel compensation

Salaries and other short-term employee benefits

- Chief Executive Officer / Chief Operating Officer / Chief Financial Officer	1,288	1,131
- Directors (Note 18)	1,265	1,107
	<hr/>	<hr/>

29 CHANGES IN ACCOUNTING POLICIES

The list of new accounting standards, effective and relevant to the Company's financial year beginning 1 April 2007 is set on in Note 2(a)(i) to the financial statements. The following describes the impact of the new standards on the financial statements of the Company.

FRS 117 Leases

The adoption of the revised FRS 117 has resulted in a retrospective change in the accounting policy relating to the classification of leasehold land. The up-front payments made for the leasehold land represents prepaid lease payments and are amortised on straight-line basis over the lease term. Prior to 1 April 2007, leasehold land were classified as property, plant and equipment were stated at revalue amount less accumulated depreciation and impairment losses.

Upon the adoption of the revised FRS 117 from 1 April 2007, the unamortised amounts of leasehold land are retained as the surrogate carrying amounts of prepaid lease payments as allowed by the transitional provisions of FRS 117. The revaluation surplus previously recognised in revaluation reserve of RM 628,276 is transferred to retained earnings. The reclassification of leasehold land as prepaid lease payments has been accounted for retrospectively and the comparative amounts as at 31 March 2007 have been restated as follows:

	As previously stated RM'000	Effect on adoption of FRS 117 RM'000	As restated RM'000
Balance sheet			
As at 1 April 2007			
Revaluation reserves	(3,517)	628	(2,889)
Retained earnings	(132,637)	(628)	(133,265)
As at 31 March 2007			
Property, plant and equipment	52,831	(6,716)	46,115
Prepaid lease payments	-	6,716	6,716
Income statement			
For the year ended 31 March 2007			
Depreciation of property plant and equipment	4,041	(172)	3,869
Amortisation of leasehold land	-	172	172

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 focus 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.

30 FINANCIAL INSTRUMENTS (CONTINUED)**Credit risk (continued)**

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

	2008	2007
	RM'000	RM'000
Analysed by rating:		
AAA	25,157	25,220
AA	74,521	44,526
A	25,875	86,226
BBB	4,968	-
BB	4,087	4,108
B	-	5,160
Unrated	5,160	-
Total	139,768	165,240

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

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

Notes To The Financial Statements 31 March 2008 (continued)

30 FINANCIAL INSTRUMENTS (CONTINUED)

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.

2008	Non-interest bearing RM'000	1 year or less RM'000	Interest bearing: Earlier of contractual repricing or maturity date					Total carrying amount RM'000	Weighted average effective interest rate % per annum
			1 to 2 years RM'000	2 to 3 years RM'000	3 to 4 years RM'000	4 to 5 years RM'000	More than 5 years RM'000		
Financial assets:									
Investments									
Malaysian Government Securities	-	16,137	30,097	-	-	-	46,234	3.487	
Corporate debt securities	-	14,749	34,624	20,278	29,818	19,845	139,768		
Equity securities of Corporations									
- quoted	3,810	-	-	-	-	-	3,810	-	
- unquoted	93	-	-	-	-	-	93	-	
Unit trust	19,170	-	-	-	-	-	19,170	-	
Fixed and call deposits	-	264,189	-	-	-	-	264,189	3.534	
Loans	-	144	72	55	58	61	1,049	-	
Amount due from immediate holding company	8	-	-	-	-	-	8	-	
Other receivables	7,283	-	-	-	-	-	7,283	-	
Cash and bank balances	1,781	-	-	-	-	-	1,781	-	
	32,145	295,219	64,793	20,333	29,876	19,906	483,385		
Other financial assets*							32,840		
Total financial assets							516,225		
Other assets							92,317		
Total assets per balance sheet							608,542		

*Disclosure information for financial assets and liabilities that relate to rights and obligations arising under employee benefit plans and insurance contracts are not shown as they are excluded from the scope FRS 132.

30 FINANCIAL INSTRUMENTS (CONTINUED)**Interest rate risk (Continued)**

	Non-interest bearing RM'000	Interest bearing: Earlier of contractual repricing or maturity date			Total carrying amount RM'000	Weighted average effective interest rate % per annum
		1 year or less RM'000	1 to 5 years RM'000	More than 5 years RM'000		
2008						
Financial liabilities:						
Other payables	8,071	-	-	-	8,071	
Other financial liabilities*					360,048	
Total financial liabilities					368,119	
Other liabilities					-	
Total liabilities per balance sheet					368,119	

* Disclosure information for financial assets and liabilities that relate to rights and obligations arising under employee benefit plans and insurance contracts are not shown as they are excluded from the scope of FRS 132.

Notes To The Financial Statements 31 March 2008 (continued)

30 FINANCIAL INSTRUMENTS (CONTINUED)

Interest rate risk (Continued)

COMPANY

2007	Non-interest bearing RM'000	1 year or less RM'000	Interest bearing: Earlier of contractual repricing or maturity date					Total carrying amount RM'000	Weighted average effective interest rate % per annum
			1 to 2 years RM'000	2 to 3 years RM'000	3 to 4 years RM'000	4 to 5 years RM'000	More than 5 years RM'000		
Financial assets:									
Investments									
Malaysian Government Securities	-	32,800	16,623	-	-	-	49,423	3.190	
Corporate debt securities	-	40,176	27,301	39,481	19,792	10,723	165,240	5.586	
Equity securities of Corporations									
- quoted	4,593	-	-	-	-	-	4,593	-	
- unquoted	93	-	-	-	-	-	93	-	
Unit trust	13,570	-	-	-	-	-	13,570	-	
Fixed and call deposits	-	230,388	-	-	-	-	230,388	3.672	
Loans	-	100	81	73	59	570	945	-	
Amount due from immediate holding company	8	-	-	-	-	-	8	-	
Other receivables	7,607	-	-	-	-	-	7,607	-	
Cash and bank balances	4,386	-	-	-	-	-	4,386	-	
	30,257	303,464	44,005	39,554	27,826	19,854	476,253		
Other financial assets*								32,262	
Total financial assets								508,515	
Other assets								84,104	
Total assets per balance sheet								592,619	

* Disclosure information for financial assets and liabilities that relate to rights and obligations arising under employee benefit plans and insurance contracts are not shown as they are excluded from the scope.

30 FINANCIAL INSTRUMENTS (CONTINUED)**Interest rate risk (Continued)**

	Non-interest bearing RM'000	Interest bearing: Earlier of contractual repricing or maturity date			Total carrying amount RM'000	Weighted average effective interest rate % per annum
		1 year or less RM'000	1 to 5 years RM'000	More than 5 years RM'000		
2007						
Financial liabilities:						
Other payables	10,792	-	-	-	10,792	
Other financial liabilities*					339,449	
Total financial liabilities					350,241	
Other liabilities					6,224	
Total liabilities per balance sheet					356,465	

* Disclosure information for financial assets and liabilities that relate to rights and obligations arising under employee benefit plans and insurance contracts are not shown as they are excluded from the scope FRS 132.

Liquidity and cash flow risk

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

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

	Carrying amounts		Fair values	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Investments:				
- Malaysian Government Securities	46,234	49,423	46,264	49,342
- Equity securities - quoted	3,810	4,593	4,149	5,575
- Unit trust	19,169	13,570	20,344	13,930
- Corporate debt securities - unquoted	139,768	165,240	140,820	166,802
	208,981	232,826	211,577	235,649

Statement By Directors pursuant to section 169(15) of the companies act, 1965

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We, Tan Sri Dato' Seri Syed Anwar Jamalullail and David Chan Mun Wai, two of the Directors of Uni.Asia General Insurance Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 25 to 57 are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 March 2008 and of the results and cash flows of the Company for the year ended on that date in accordance with Malaysian Accounting Standards Board Approved Accounting Standards in Malaysia for Entities Other Than Private Entities and the provisions of the Companies Act, 1965.

Signed on behalf of the Board of Directors in accordance with their resolution dated 11 June 2008.

TAN SRI DATO' SERI SYED ANWAR JAMALULLAIL
DIRECTOR

DAVID CHAN MUN WAI
DIRECTOR

Kuala Lumpur

Statutory Declaration pursuant to section 169(6) of the companies act, 1965

I, Mohd Fauzi Yaakub, the Officer primarily responsible for the financial management of Uni.Asia General Insurance Berhad, do solemnly and sincerely declare that the financial statements set out on pages 25 to 57 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.

MOHD FAUZI YAAKUB

Subscribed and solemnly declared by the abovenamed Mohd Fauzi Yaakub at Kuala Lumpur on 11 June 2008, before me.

COMMISSIONER FOR OATHS

Auditors' Report

to the members of Uni.Asia General Insurance Berhad
(Incorporated in Malaysia) (Company No. 16688-K)

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We have audited the financial statements set out on pages 25 to 57. These financial statements are the responsibility of the Company's Directors. It is our responsibility to form an independent opinion, based on our audit, on these financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

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

In our opinion:

- (a) the financial statements have been prepared in accordance with the provisions of the Companies Act, 1965 and Malaysian Accounting Standards Board approved accounting standards in Malaysia for Entities Other Than Private Entities so as to give a true and fair view of:
 - (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
 - (ii) the state of affairs of the Company as at 31 March 2008 and of the results and cash flows of the Company for the year ended on that date;

and

- (b) the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

PRICEWATERHOUSECOOPERS

(No. AF: 1146)

Chartered Accountants

JAYARAJAN A/L U. RATHINASAMY

(No. 2059/06/08 (J))

Partner of the firm

Kuala Lumpur

11 June 2008

List Of Properties as at FYE March 2008

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Location	Date of acquisition	Description / Existing Use	Approximate age of building Years	Tenure	Approximate Area (sq. m) : Built-up	Net Book Value as at 31.03.08 RM '000
Menara Uni.Asia No. 1008, Jalan Sultan Ismail, 50250 Kuala Lumpur, W. Persekutuan	14 July 1999	Ground, 2nd, 6th to 10th Floor used as Uni.Asia General Insurance's Corporate Head Office, currently 11th to 13thA floors are rented out	9	Leasehold 99 years expiring on 06.02.2078	11,975	60,539
Adjacent Land (Plot A), Menara Uni.Asia	31 July 2001	Building Commercial land	7	Leasehold 82 years expiring on 15.08.2083	256	0
Lot 7651 & 7658, Taman Desa Jaya, Sg. Petani, Kedah	30 Dec 1990	Lot 7658 is detached with single storey house and Lot 7651 (4,808 sf) is a vacant land	26	Freehold	895	202
Lot 5453, A-4 Jalan Kg. Baru, Sg. Petani, Kedah	26 Feb 1994	4 storey shophouse used as branch office	13	Freehold	433	670
Suite 3.1, 3.2 and 3.3, Menara Penang Garden, Penang	06 May 1992 & 05 Aug 1993	Suite 3.1, 3.2 and 3.3 are used as branch office	14	Freehold	574	1,465
Lot 951 (471) & 801, Mukim 11, Barat Daya, Penang	12 Feb 1980	Vacant land	15	Freehold	8,551	1,880
No 120, Jalan Kota, Taiping, Perak	30 Sep 1982	Double storey shophouse currently vacant	24	Freehold	276	380
122 & 122A, Jalan Raja Musa Aziz, Ipoh	12 Jan 1981	2 units of 3 storey shophouse used as branch office	26	Leasehold 999 years expiring on 21.09.2894	866	967
9 - 12th Floors, Menara Safuan, Kuala Lumpur, W. Persekutuan	31 Dec 1994	9th and 10th are rented out in April 2004, 11th & 12th floor	24	Freehold	1,785	7,500

