

# FINANCIAL STATEMENTS - 31 MARCH 2010

Uni.Asia General Insurance Berhad (16688-K)

a DRB-HICOM & UOB company



## Directors' Report

The Directors hereby submit their report to the members together with the audited financial statements of Uni.Asia General Insurance Berhad ("the Company") for the year ended 31 March 2010.

### CORPORATE GOVERNANCE

The Board of Directors ("Board") confirms that the Company complies with all the prescriptive requirements of Bank Negara Malaysia ("BNM") guideline JPI/GPI 25 - Prudential Framework of Corporate Governance for insurers.

### Board Responsibilities

The Board is committed in ensuring that the highest standards of governance are being maintained through compliance with the relevant laws and regulations, as well as adoption of best practices on corporate governance.

### Board Composition

The Board membership comprises of eight directors with composition of two independent Non-Executive Directors – George Isac Pereira and Dato' Dr. Mohd Shahari Ahmad Jabar, six Non-Executive Directors – Dato' Sri Haji Mohd Khalid bin Jamil, David Chan Mun Wai, Chan Kok Seong, Dato' Khalid bin Abdul Rahman, Lawrence Pereira and Datuk Abdul Shukur Hassan.

### Board Committees

The Board delegates specific responsibilities to seven Board Committees as follows:

#### A. Audit Committee

The Committee assists the 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.

The Committee members are George Isac Pereira (Chairman), Dato' Dr. Mohd Shahari Ahmad Jabar and Chan Kok Seong.

Six Audit Committee meetings were held during the year.

#### B. Nomination Committee

The Committee establishes a documented, formal and transparent procedure for the appointment of new Directors, Chief Executive Officer (CEO) and key Senior Officers. It also reviews and assesses the balance and effectiveness of each Director, the Board as a whole and various Committees of the Board, the CEO and key Senior Officers.

The Committee members are George Isac Pereira (Chairman), David Chan Mun Wai, Dato' Sri Haji Mohd Khalid bin Jamil, Dato' Khalid bin Abdul Rahman, Datuk Abdul Shukur Hassan and Dato' Dr. Mohd Shahari Ahmad Jabar.

Five Nomination Committee meetings were held during the year.

#### C. Remuneration Committee

The Committee establishes 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.

The Committee members are George Isac Pereira (Chairman), David Chan Mun Wai, Dato' Sri Haji Mohd Khalid bin Jamil, Lawrence Pereira and Datuk Abdul Shukur Hassan.

No Remuneration Committee meeting was held during the year.

#### D. Risk Management Committee

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

The Committee members are George Isac Pereira (Chairman), David Chan Mun Wai, Dato' Khalid bin Abdul Rahman, Datuk Abdul Shukur Hassan and Dato' Dr. Mohd Shahari Ahmad Jabar.

Six Risk Management Committee meetings were held during the year.

#### E. Executive Committee

The Committee ensures that the Board's approved general policies and Company objectives are carried out by the Management. Empowered by the Board with relevant authority for effective and efficient decision-making, this Committee meets on a monthly basis to review matters relevant to the operations of the Company.

The Committee members are Dato' Sri Haji Mohd Khalid bin Jamil (Chairman), David Chan Mun Wai, Chan Kok Seong, Dato' Khalid bin Abdul Rahman, Tan See Dip and Habshah Mohamed.

Ten Executive Committee meetings were held during the year.

#### F. Claims and Underwriting Committee

This Committee assists the Board and Management in the areas of claims and underwriting of the Company. The Committee provides professional directions to the state of affairs of the Company in the areas of claims and underwriting.

The Committee members are Lawrence Pereira (Chairman), Dato' Sri Haji Mohd Khalid bin Jamil, David Chan Mun Wai, Dato' Khalid bin Abdul Rahman, Datuk Abdul Shukur Hassan, Tan See Dip and Habshah Mohamed.

Ten Claims and Underwriting Committee meetings were held during the year.

#### G. Investment Committee

This Committee assists the Board and Management in the effective discharge of its strategic responsibilities and accountabilities in the areas of investment of the Company.

The Committee members are Chan Kok Seong (Chairman), Dato' Khalid bin Abdul Rahman, Tan See Dip and Habshah Mohamed.

Ten Investment Committee meetings were held during the year.

### Board Meetings

During the financial year, the Board met nine times and all Directors complied with the 75% minimum attendance requirement.

### 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.

### Board of Directors' Policy

In the spirit of Principle 4 of BNM JPI/GPI 25 guideline requirements, the Internal Audit Department (IAD) has prepared and updated the Board of Directors' Policy providing newly appointed and current Directors with overview information on the insurance industry, the Company and a comprehensive list of other information.

### Annual General Meeting (AGM)

At each AGM, the Board presents the progress and performance of the business and encourages shareholders to participate in the question and answer session. The CEO and where appropriate, the Chairman of Board Committees are available to respond to shareholders' questions during the meeting.

### Material Contracts

No material contracts have been entered into by the Company involving Directors' and substantial shareholders' interests.

### 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 is responsible on the system of internal control that is designed to ensure achievement of corporate objectives, as well as to ensure effective and efficient operations, financial reporting and compliance with the regulatory matters.

The Board determines the strategies and policies for risk and control, whilst the Management ensures effectiveness of the design and operation of risk management and control processes.

Significant risks are identified and evaluated through the Enterprise Risk Management (ERM) framework and policy. The Risk Management Committee of the Board ("RMCM") oversees senior management's activities in managing the key risk areas and ensures that the risk management framework and processes are in place and functioning effectively.

The implementation of the ERM is delegated to the CEO and supported by the Risk Management Committee of the Management ("RMCM"). The RMCM will assist the CEO in formulating appropriate procedures and review the application of risk management practices and report back the assessment to the RMCM.

The Internal Audit department (IAD) provides the Board with an independent assurance on the adequacy and integrity of the internal control system and risk management framework. It assesses the existing risk treatment adequacy and its effectiveness in minimising risks. The IAD also incorporates as part of its audit work, the detection of fraud risk and anti-money laundering activities.

Identification, evaluation and management of risks faced by the Company are an on-going process that encompasses the critical areas of operations.

### 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.

### Directors' Responsibility Statement

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

### DIRECTORS

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

Dato' Sri Haji Mohd Khalid bin Jamil

David Chan Mun Wai

Dato' Dr. Mohd Shahari Ahmad Jabar

Chan Kok Seong

Dato' Khalid bin Abdul Rahman

Lawrence Pereira

Datuk Abdul Shukur Hassan

George Isac Pereira

In accordance with the Company's Article of Association, Dato' Khalid bin Abdul Rahman and Chan Kok Seong retire by rotation at the forthcoming AGM and, being eligible, offer themselves for re-election.

Pursuant to section 129 of the Companies Act, 1965, Dato' Dr. Mohd Shahari Ahmad Jabar, Lawrence Pereira and Datuk Abdul Shukur Hassan retires and a resolution is being proposed for their reappointment as Directors under the provision of section 129(6) of the said Act to hold office until the next AGM of the Company.

### DIRECTORS' INTERESTS

According to the register of Directors' shareholdings, the interests of Directors in office at the end of the financial 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 1.4.2009	Acquired	Disposed	As at 31.3.2010
<b>In the Company</b>				
<b>Direct:</b>				
George Isac Pereira	2,052,381	-	-	2,052,381
<b>Indirect:</b>				
Lawrence Pereira*	9,850,000	-	-	9,850,000
Datuk Abdul Shukur Hassan**	10,003,175	-	-	10,003,175
<b>In DRB-HICOM Berhad (Penultimate Holding Company)</b>				
<b>Direct:</b>				
George Isac Pereira	170,000	-	-	170,000
<b>Interest of spouse/child of the Directors</b>				
Dato' Dr. Mohd Shahari Ahmad Jabar	-	60,000	-	60,000
<b>In Etika Strategi Sdn Bhd (Ultimate Holding Company)</b>				
Dato' Sri Haji Mohd Khalid bin Jamil	30,000	-	-	30,000

\* 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.

Other than the above, 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 financial year.

### DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than the options over shares granted by its penultimate 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 20 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.

### IMMEDIATE HOLDING COMPANY AND ULTIMATE HOLDING COMPANY

The immediate holding company is Uni.Asia Capital Sdn. Bhd. The Directors regard DRB-HICOM Berhad and Etika Strategi Sdn. Bhd. as the penultimate holding company and ultimate holding company of the Company respectively. The 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 22 June 2010.

DAVID CHAN MUN WAI DIRECTOR DATO' KHALID BIN ABDOL RAHMAN DIRECTOR

Kuala Lumpur

### Independent Auditors' Report To The Members Of Uni.Asia General Insurance Berhad

(Incorporated in Malaysia, Company No. 16688-K)

On 22 June 2010, we reported on the statutory financial statements of Uni.Asia General Insurance Berhad for the financial year ended 31 March 2010. In the report we state that:

### "REPORT ON THE FINANCIAL STATEMENTS"

We have audited the financial statements of Uni.Asia General Insurance Berhad, which comprise the balance sheet as at 31 March 2010, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 23 to 71.

### Directors' Responsibility for the Financial Statements

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

### Auditors' Responsibility

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

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

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

### Opinion

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

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report that, in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

### OTHER MATTERS

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

Other than the non-publication of the statement of cash flows and changes in equity, and all the notes to the financial statements, except for the notes relating to investments, receivables, and claims liabilities, the financial statements reproduced herewith are similar in all material respects to those reported on by us.

Accordingly, for a fuller appreciation of the state of affairs of the Company as at 31 March 2010 and of the results and the cash flows of the Company for the financial year ended on that date, reference should be made to the statutory financial statements of Uni.Asia General Insurance Berhad for the financial year ended 31 March 2010, in which context our report of 22 June 2010 was made.

PRICEWATERHOUSECOOPERS (No. AF: 1146) Chartered Accountants

Kuala Lumpur 22 June 2010

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

### Balance Sheet as at 31 March 2010

	Note	2010 RM'000	2009 RM'000
<b>ASSETS</b>			
Property, plant and equipment		49,683	44,267
Prepaid lease payments		6,477	6,557
Investment properties	1	39,764	33,880
Investments	2	-	223,007
Securities:			
Available-for-sale securities		55,115	-
Held-to-maturity securities		116,200	-
Loans		832	953
Deferred tax assets		-	3,452
Receivables	4	66,583	53,538
Current tax recoverable		5,206	4,283
Fixed and call deposits		410,855	295,413
Cash and bank balances		3,001	1,164
<b>Total assets</b>		<b>753,716</b>	<b>666,514</b>
<b>LIABILITIES</b>			
Claims liabilities	5	323,105	237,979
Payables		65,989	51,094
Post employment benefit obligations		827	890
		389,921	289,963
Premium liabilities		154,535	157,043
<b>Total liabilities</b>		<b>544,456</b>	<b>447,006</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital		100,000	100,000
Reserves		109,260	119,508
		209,260	219,508
<b>Total liabilities and shareholders' equity</b>		<b>753,716</b>	<b>666,514</b>

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

### Income Statement For The Year Ended 31 March 2010

	2010 RM'000	2009 RM'000
Operating revenue	418,735	432,622
Shareholders' fund:		
Management expenses	(2,138)	(2,300)
	(2,138)	(2,300)
Deficit transferred from Revenue Account	(22,131)	(3,478)
Loss before taxation	(24,269)	(5,778)
Taxation	(2,843)	(165)
Loss for the financial year	(27,112)	(5,943)
Loss per share (sen)	(27.11)	(5.94)

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

### General Insurance Revenue Account For The Year Ended 31 March 2010

	Fire RM'000	Motor RM'000	Marine, Aviation & Transit RM'000	Miscellaneous RM'000	Total RM'000
Gross premium	48,191	303,547	8,422	37,002	397,162
Reinsurance	(25,601)	(17,097)	(5,912)	(13,753)	(62,363)
Net premium	22,590	286,450	2,510	23,249	334,799
Decrease/(increase) in premium liabilities	1,544	(4,815)	666	5,113	2,508
Earned premium	24,134	281,635	3,176	28,362	337,307
Net claims incurred	(8,336)	(296,522)	(1,377)	(13,887)	(320,122)
Net commission	(699)	(27,952)	(128)	(3,176)	(31,955)
Underwriting surplus/(deficit) before management expenses	15,099	(42,839)	1,671	11,299	(14,770)
Management expenses					(54,800)
Underwriting deficit					(69,570)
Investment income					21,573
Other operating income - net					25,866
Deficit transferred to Income Statement					(22,131)

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

### General Insurance Revenue Account For The Year Ended 31 March 2009

	Fire RM'000	Motor RM'000	Marine, Aviation & Transit RM'000	Miscellaneous RM'000	Total RM'000
Gross premium	54,689	296,415	9,880	49,450	410,434
Reinsurance	(24,338)	(16,670)	(6,589)	(26,603)	(74,200)
Net premium	30,351	279,745	3,291	22,847	336,234
Increase in premium liabilities	(830)	(13,938)	(285)	(4,571)	(19,624)
Earned premium	29,521	265,807	3,006	18,276	316,610
Net claims incurred	(7,095)	(215,901)	(2,681)	(12,322)	(237,999)
Net commission	(1,199)	(25,282)	(164)	(2,912)	(29,557)
Underwriting surplus before management expenses	21,227	24,624	161	3,042	49,054
Management expenses					(58,791)
Underwriting deficit					(9,737)
Investment income					22,188
Other operating expense - net					(15,929)
Deficit transferred to Income Statement					(3,478)