

Etiqa Insurance Berhad (9557 T)

Level 19, Tower C, Dataran Maybank, No. 1, Jalan Maarof, 59000 Kuala Lumpur

DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited abridged financial statements of the Company for the financial year ended 30 June 2011.

PRINCIPAL ACTIVITIES

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

There have been no significant changes in the nature of the principal activities during the financial year, except for the commencement of managing investment-linked business upon the transfer of the assets, liabilities and life insurance business of Mayban Life Assurance Berhad (now known as 5ri MLAB Berhad) ("Sri MLAB") as a going concern to the Company on 1 November 2010, as described in Note 4 to the abridged financial statements.

HOLDING AND ULTIMATE HOLDING COMPANIES

("MAHB") (formerly known as Mayban Fortis Holdings Berhad ("MAHB") irespectively, which are both incorporated in Malaysia.

	LTS	

KESOEI S		
	RM'000	
Net profit for the financial year	299,019	

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the statutory financial statements.

In the opinion of the directors, the results of the operations of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature, other than the transfer of life insurance business from Sri MLAB as disclosed in Note 4 to the abridged financial statements.

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial

DIRECTORS

The directors of the Company in office since the date of the last report and at the date of this report are:

Dato' Mohd Salleh Hj Harun (Chairman)
Dato' Johan bin Ariffin
Zainal Abidin bin Jamal
Damis Jacobus Ziengs
Hans J. J. De Cuyper
Mohamed Nor bin Abdul Hamid
Datuk R. Karunakaran
Loh Lee Soon
Dato' Aminuddin bin Md Desa

CORPORATE GOVERNANCE

The Board of Directors ("the Board") is committed in ensuring that the highest standards of corporate governance are practised in the Company. This is a fundamental part in discharging their responsibilities to protect and enhance all stakeholders' values and the financial performance of the Company.

(appointed on 3 September 2010) (appointed on 16 November 2010) (appointed on 23 December 2010)

(resigned on 30 November 2010)

performance or the company.
(a) Board responsibilities
In discharging their duties, the Board is equally responsible to ensure compliance with the Insurance Act ("the Act") and Regulations, 1996 and Bank Negara Malaysia's ("BNM") Guidelines, including BNM/RH/GL/003-1: Minimum Standards for Prudential Management of Insurers (Consolidated) and other directives. They also have to comply with the tenets of corporate governance by adopting its best practices as stipulated under BNM/RH/GL/003-2: Prudential Framework of Corporate Governance for Insurers. Apart from their statutory responsibilities, the Board approves the Company's major investments, disposals and funding decisions. They ensure the implementation of appropriate systems to manage risks and also review and approve the strategies and financial objectives to he implemented by and also review and approve the strategies and financial objectives to be implemented by the management. These functions are carried out by the Board directly and/or through their various committees.

The Board is responsible for creating the framework and policies within which the Company should be operating and the management is responsible for implementing them. This demarcation reinforces the supervisory role of the Board.

Hence, the Company has an organisational structure showing all reporting lines as well as clearly documented job descriptions for all management and executive employees and formal performance appraisals are done annually.

The directors, with different backgrounds and experiences, collectively bring with them a wide range of skills and specialised knowledge that are required for the management of the Company.

The Board met 7 times during the year and the attendance of the directors was as follows

١	lumber of Boar	d meetings
	Attended	%
Dato' Mohd Salleh Hj Harun (Chairman)	7/7	100
Damis Jacobus Ziengs	6/7	86
Hans J. J. De Cuyper	7/7	100
Dato' Johan bin Ariffin	6/7	86
Zainal Abidin bin Jamal	7/7	100
Mohamed Nor bin Abdul Hamid (appointed on 3 September 201	0) 3/6	50
Datuk R. Karunakaran (appointed on 16 November 2010)	5/5	100
Loh Lee Soon (appointed on 23 December 2010)	3/3	100
Dato' Aminuddin bin Md Desa (resigned on 30 November 2010)	2/3	67

(b)

Management accountability Whilst the Board is responsible for creating the framework and policies within which the Company should be operating, the management is accountable for the execution of the enabling policies and attainment of the Company's corporate objectives.

Corporate independence All material related party transactions have been disclosed in Note 35 to the statutory financial statements.

(c)

Internal controls and audit The Board exercises overall responsibility for the Company's internal controls and its effectiveness. The Board recognises that risks cannot be eliminated completely; as such, the systems and processes put in place are aimed at minimising and managing them. The Company has established internal controls which cover all levels of personnel and business processes that ensure the Company's operations are run in an effective and efficient manner as well as to safeguard the assets of the Company and stakeholders' interests. Continuous assessment of the effectiveness and adequacy of internal controls, which includes an independent examination of controls by the internal audit function, ensures that corrective action where necessary, is taken in a timely manner.

The internal audit reports are tabled at the first scheduled Audit Committee ("AC") meeting after the date of receipt of these reports. The internal audit function reports to the Board through the AC, and its findings and recommendations are communicated to senior management and all levels of staff concerned. The AC is established at the holding company's level.

The composition of the joint AC established at MAHB is as follows:

	Number of AC Attended	meeting %
Loh Lee Soon (Chairman) (appointed on 7 February 2011) Independent Non-Executive Director	4/4	100
Damis Jacobus Ziengs Non-Independent Non-Executive Director	5/6	83
Datuk Dr. Syed Othman bin Syed Hussin Alhabshi Independent Non-Executive Director	5/6	83
Sulaiman bin Salleh (Chairman) (resigned on 6 February 2011) Independent Non-Executive Director	2/2	100
The AC met 6 times during the year.		

(e)

Risk management The Board takes responsibility in establishing the Risk Management Committee ("RMC"). The primary objective of the RMC is to oversee the senior management's activities in managing the key risk areas of the Company and to ensure that the risk management process is in place and functioning effectively.

The Company established the RMC at the holding company's level. In discharging its responsibilities, the RMC is complemented by the Investment Committee ("IC") of the Board and assisted by the Asset Liability Committee ("ALCO") of the management.

Board and assisted by the Asset Liability Committee ("ALCO") of the management. The risk management framework for the Company comprises three main components i.e. policy-making, monitoring and control, and risk acceptance while the risk management approach would premise on three lines of defence i.e. risk-taking, risk control and coordinating units and internal audit. Risks have been classified into three main categories, which are made up of insurance risk, financial risk (including market risk, credit risk and balance sheet risk) and operational risk. There is an on-going process for identifying, evaluating and managing the significant risks faced by the Company. This is achieved through designated management functions and internal controls, which includes the setting up of operational risk limits for all core activities.

activities.

The composition of the joint RMC established at MAHB is as follows:

(appointed on 7 February 2011)
(appointed on 7 February 2011)

Dato' Johan bin Ariffin (Chairman) Independent Non-Executive Director	(resigned on 6 February 2011)
Sulaiman bin Salleh Independent Non-Executive Director	(resigned on 6 February 2011)
The RMC met 6 times during the year.	

(f)

Nomination and remuneration committee The Company will continue to leverage on the existing Nomination and Remuneration Committee of the Board ("NRC") [which had taken effect as merged committee on 27 May 2010] of the ultimate holding company, Malayan Banking Berhad ("MBB"), as part of its governance structure. The primary objective of the NRC is to establish a documented, formal and transparent procedure for the appointment of directors, chief executive officer and key senior officers. The committee is also responsible to assess the effectiveness of directors, the Board as a whole and the various committees of the Board, the chief executive officer and key senior officers.

Further, the NRC is also responsible to provide a formal and transparent procedure for developing a remuneration policy for directors, chief executive officer and key senior officers and ensuring that their compensation is competitive and consistent with the Company's culture, objectives and strategy. The composition of the NRC is as follows:-

Dato' Mohd Salleh Hj Harun Independent Non-Executive Director (appointed on 1 July 2011) Tan Sri Dr Hadenan bin A Jalil Independent Non-Executive Director Dato' Dr Tan Tat Wai Independent Non-Executive Director Zainal Abidin bin Jamal Non-Independent Non-Executive Director

Alister Maitland Independent Non-Executive Director

Dato' Seri Ismail bin Shahudin (Chairman) Independent Non-Executive Director (resigned on 1 July 2011) The NRC met 11 times during the year.

(g)

Investment committee The Investment Committee ("IC") was previously set up at Mayban Life Assurance Berhad (now known as Sri MLAB Berhad) ("Sri MLAB"). However, its membership, roles and responsibilities transcened beyond Mayban Life Assurance Bhd to cover all other operating companies under Mayban Ageas Holdings Berhad ("MAHB") (formerly known as Mayban Fortis Holdings Berhad), which include Etiga Insurance Berhad and Etiga Takaful Berhad. Evaluations the transfer of MLAB's business to Finia Insurance Berhad on 1 November 2010, Following the transfer of MLAB's business to Etiga Insurance Berhad on 1 November 2010. the IC is now established at Etiga Insurance Berhad.

the IC is now established at Etiqa Insurance Berhåd. The objectives of the IC include, to present an opinion on the long-term strategic investment policy including real estate, as a recommendation for the Risk Management Meeting ("RMM")/RMC/Board based on ALCO's advice, to establish the tactical investment policy on the basis of the proposal by the investment manager and within the boundaries laid out in the Investment Management Mandates ("MMM"), to test the policy conducted by the investment manager against the strategic and tactical investment policy/asset management mandate, to evaluate and approve the operational policy conducted by tinvestment manager. It also evaluates, reviews and maintains the Investment Management Guidelines ("IMG"), based on ALCO's advice and negotiates conditions with, appoints or dismisses external fund managers, custodians, banks and other financial intermediaries. The IC reports to the Board of all the operating companies under MAHB.

The composition of the IC is as follows

Dato' Sri Abdul Wahid bin Omar (Chairman) Non-Independent Non-Executive Director

Datuk Dr. Syed Othman bin Syed Hussin Alhabshi Independent Non-Executive Director

Hans J. J. De Cuyper Chief Executive Officer, Mayban Ageas Holdings Berhad

Mohd Din bin Merican Chief Executive Officer, Etiqa Insurance Berhad

Ahmad Shahril Azuar Jimin Chief Executive Officer, Etiqa Takaful Berhad

Datuk R. Karunakaran Independent Non-Executive Director

Sulaiman bin Salleh Independent Non-Executive Director

(appointed 7 February 2011)

(resigned 6 February 2011)

(resigned on 30 November 2010)

Dato' Haji Aminuddin bin Md. Desa Chief Executive Officer, Mayban Ageas Holdings Berhad The IC met 2 times during the year.

(h) Public accountability As custodian of public funds, the Company's dealings with the public are always conducted fairly, honestly and professionally.

(i) Financial reporting

The Board takes responsibility for presenting a balanced and comprehensive assessment of the Compary's operations and projects each time it releases its annual financial statements to shareholders. The AC of the Board assists by scrutinising the information to be disclosed, to ensure accuracy, adequacy and completeness.

DIRECTORS' BENEFITS

Direct DOR's BENEFITS Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than as may arise from the share options to be granted pursuant to Maybank Group Employee Share Options Scheme ("ESOS") of the ultimate holding company.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as disclosed in Notes 29 and 35 to the statutory financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial forced. ncial interest

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 ultimate holding company, Malayan Banking Berhad ("MBB") during the financial year were as follows:

	Numbe 1 July	er of Ordina	ry Shares of	RM1 each
	2010/ since appointment	Bought	Sold	30 June 2011
Ultimate holding company : MBB Direct interest:				
Dato' Mohd Salleh Hj Harun	287,781	18,200		305,981
Dato' Johan bin Ariffin	70,000	52,805		122,805
Mohamed Nor bin Abdul Hamid	9,870	230	-	10,100
Indirect interest:				
Mohamed Nor bin Abdul Hamid	22,233	518	-	22,751
	Number o		ver Ordinary 27 Each	Shares of
	1 July			30 June
	2010	Granted	Exercised	2011
Ultimate holding company : MBB				
Hans J. J. De Cuyper		200,000		200,000

OTHER STATUTORY INFORMATION

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

(a) Before the statement of financial position and income statement of the Company were made out, the directors took reasonable steps:

- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts; and
- (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render.
 - (i) it necessary to write off any bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in the financial statements of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
 - any charge on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
- (ii) any contingent liability of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
 - no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Company to meet its obligations when they fall due; and
 - no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Company for the financial year in which this report is made.

For the purpose of paragraphs (e) and (f), contingent or other liabilities do not include liabilities arising from contracts of insurance underwritten in the ordinary course of business of the Company.

Before the statement of financial position and income statement of the Company were (g) made out, the directors took reasonable steps to ascertain that there was adequate provision for its insurance liabilities in accordance with the valuation methods specified in Part D of the Risk-Based Capital Framework ("RBC Framework") for insurers issued by Bank Negara Malaysia

SIGNIFICANT EVENT

The significant event during the financial year is disclosed in Note 5 to the abridged financial statements.

SUBSEQUENT EVENT

DATO' MOHD SALLEH HJ HARUN

AUDITORS

The subsequent event after the financial year end is disclosed in Note 6 to the abridged financial statements

Signed on behalf of the Board in accordance with a resolution of the directors dated 11 August 2011.

HANS J. J. DE CUYPER

The auditors. Ernst & Young, have expressed their willingness to continue in office.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 20					
	Note	30.06.2011 RM'000	30.06.2010 RM'000 (Restated)	01.07.2009 RM'000 (Restated)	
Assets:			, ,	, , ,	
Property, plant and equipment Investment properties		136,228 516,360	87,680 489,080	79,493 502,790	
Prepaid land lease payments Intangible assets Investment in associate		20,796 163 152	9,897 285 152	10,061 358	
Investments Financing receivables	1	12,216,293 311,916	5,549,107 236,621	5,245,501 363,436	
Reinsurance assets Insurance receivables	2	1,318,371 289,934	1,047,571 318,492	1,229,632 172,320	
Other receivables Derivative assets		164,700 41,782	108,257	192,415	
Current tax assets Cash and bank balances		97,441 256,669	108,536 104,181	102,115	
Total Assets		15,370,805	8,059,859	7,998,041	
Equity and liabilities: Share capital Reserves		152,151 1,403,144	152,151 1,065,898	152,151 910,434	
Total Equity		1,555,295	1,218,049	1,062,585	
Insurance contract liabilities Deferred tax liabilities	2	13,037,119 79,662	6,219,232 39,249	6,167,426 3,581	
Insurance payables Other payables		322,331 332,772	355,867 191,148	183,104 530,568	
Current tax liabilities		43,626	36,314	50,777	
Total Liabilities		13,815,510	6,841,810	6,935,456	
Total Equity and Liabilities		15,370,805	8,059,859	7,998,041	

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2011 2011 2010

	RM'000	RM'000 (Restated)
Operating revenue	2,504,386	1,737,507
Gross earned premiums Premiums ceded to reinsurers	1,928,008 (621,234)	1,381,204 (528,534)
Net earned premiums	1,306,774	852,670
Fee and commission income Investment income	68,064 488,938	52,156 309,062
Realised gains	179,091	58,246
Fair value gains/(losses) Other operating (expenses)/revenue	110,236 (34,144)	(9,862) 6,660
Other revenue	812,185	416,262
Gross benefits and claims paid Claims ceded to reinsurers Gross change to contract liabilities	(1,506,094) 241,102 (232,461)	(848,277) 143,975 169,528
Change in contract liabilities ceded to reinsurers Net benefits and claims	<u>191,220</u> (1,306,233)	(209,545) (744,319)
Management expenses Fee and commission expenses	(232,811) (197,997)	(193,136) (152,946)
Other expenses	(430,808)	(346,082)
Profit/Surplus before taxation Taxation	381,918 (82,899)	178,531 (60,378)
Net profit for the year	299,019	118,153
Earnings per share (sen) Basic	196.53	77.66

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2011

	2011 RM'000	2010 RM'000
Net profit for the year	299,019	118,153
Other comprehensive income:		
Revaluation of properties		
- Deficit on revaluation	-	(200)
- Transfer to profit or loss upon disposal	-	(996)
Net gain on AFS financial assets		
- Gain on fair value changes	58,524	90,566
- Transfer to profit or loss upon disposal	(41,992)	(24,131)
Gain/(loss) on foreign exchange	14,464	(11,831)
Tax effect relating to components of other comprehensive		
income	(2,938)	(16,097)
Other comprehensive income for the year, net of tax	28,058	37,311
Total comprehensive income for the year	327.077	155,464

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2011

	Share Capital RM'000	Share Premium	for-Sale	Other		
		RM'000	Reserve RM'000	Reserves RM'000	Retained Profits RM'000	Total Equity RM'000
At 1 July 2010 (As						
previously stated)	152,151	17,728	36,311	55	1,009,724	1,215,969
Effects due to adoption of FRS 139:						
 fair value adjustments impairment losses on 	-		(1,886)	-	(160)	(2,046)
investments - deferred tax on fair value	-		2,379	-	(2,379)	-
adjustment	-		472	-	40	512
- deferred tax on impairment losses on investments Effects due to adoption of FRS 4-		-	(595)	-	595	-
 - impairment losses on insurance receivables - deferred tax on impairment losses on insurance 	-	-	-	-	2,774	2,774
receivables	-	-			(694)	(694)
At 1 July 2010 (As restated) Transfer from Sri MLAB	152,151	17,728	36,681	55	1,009,900	1,216,515
(Note 4)	-		11,703	-	-	11,703
Total comprehensive income for the year	-		13,594	14,464	299,019	327,077
At 30 June 2011	152,151	17,728	61,978	14,519	1,308,919	1,555,295

	<>									
	<> Distributable> Distributable									
		Available-								
	Share	Share Share for-Sale Other Retained								
	Capital	Premium	Reserve	Reserves	Profits	Equity				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000				
At 1 July 2009	152,151	17,728	(13,962)	13,017	893,651	1,062,585				
Total comprehensive income for the year, as previously	,	,	. , ,	,	,					
stated	-	-	50,273	(12,962)	116,073	153,384				
At 30 June 2010 (As										
previously stated)	152,151	17,728	36,311	55	1,009,724	1,215,969				
Effects due to adoption of FRS 4:										
 impairment losses on insurance receivables 		-	-	-	2,774	2,774				
 deferred tax on impairment losses on insurance receivables 		-			(694)	(694)				
At 30 June 2010 (As										
restated)	152,151	17,728	36,311	55	1,011,804	1,218,049				

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2011 2011 2010 RM'000 RM'000 CASH FLOWS FROM OPERATING ACTIVITIES Profit before taxation Adjustments for: 381,918 178,531 6,762 129 3.268 Depreciation of property, plant and equipment Amortisation of intangible assets Gain from disposal of investment property Fair value gain on investment 183 (1,397) (94,888) (27,030) 10,000 Fair value (gain)/loss on investment property Amortisation of prepaid land lease payments Accretion of discounts 252 164 (31,344) (180) (70) 7,411 (16,701) (114) Gain on disposal of property, plant and equipment Gain on disposal of prepaid land lease payments Realised loss on foreign exchange Allowance/(write back) of impairment of insurance receivables Bad debt recovered Net gain on disposal of investments 432 22,795 (388) (178,841) (6,616) (56,735) Interest income (386,000) (226.206) Allowance/(write back) of impairment on investments Impairment of property, plant and equipment Impairment of prepaid land lease payments 11,682 37 (138) 13 (43.946) (42.839) Gross dividend income Rental income (31,707) (24,315) Loss from operations before changes in operating assets and liabilities (363,395) (182,483) Changes in working capital: (Increase)/decrease in reinsurance assets Decrease/(increase) in insurance receivables Decrease/(increase) in other receivables Decrease in loans (271,860) 182.061 451 9,114 177 (178,466) (8,952) 111,749 Decrease/(increase) in amounts due to related parties 2.075 (1,858) 96,627 322,095 (36,115) (41,746) Increase in other liabilities Increase in insurance contract liabilities (Decrease)/increase in insurance payables 49.855 47,833 75,239 185,143 (111,749) Increase in fixed deposits Proceeds from disposal of investments Purchase of investments Interest income received 2,246,656 (1,981,094) 399,229 464,641 (1,512,317) 223,284 42,380 34,467 Dividend income received 42,710 Rental income received 20,987 Foreign exchange fluctuation 14,463 Cash generated from operations Tax paid 473 524 359 844 (59,235) (76,834) Net cash generated from operating activities 414,289 283,010 CASH FLOWS FROM INVESTING ACTIVITIES Proceeds from sale of property, plant and equipment Proceeds from sale of property and lease payments Proceeds from sale of investment property 425 576 115 4,907 Purchase of property, plant and equipment Purchase of Sri MLAB/Sri MGAB net assets (Note 4) (8,362) (285,888) (16,449) (267,054) Purchase of Investment in associate (152) Purchase of intangible assets (116) (293,249) Net cash used in investing activities (278,749)Net increase in cash and cash equivalents 121.040 4.261 Cash and cash equivalents at beginning of financial year (as previously stated) Transfer from Sri MLAB/Sri MGAB (Note 4) 80,763 19,157 104,181 31,448 Cash and cash equivalents at beginning of financial year (as restated) 135,629 99,920 Cash and cash equivalents at end of financial year 256,669 104,181 Cash and cash equivalents comprise: Cash and bank balances: 84,202 19,979 General insurance and shareholder's funds 177.737 Life insurance fund 78,932 256,669 104,181

INVE	STMENTS		
		2011	2010
Malay	rsian government papers	RM'000 602,846	RM'000 399,306
Singa	pore government securities	57,000	50,067
	securities y securities	57,000 7,398,197 1,719,509	3,164,444 703,906
Unit	and property trust funds	56,410	42,344
	tured deposits tiable certificate of deposits	330,671 716,159	227,729 245,971
	gn notes	209,132	
	sits with financial institutions	1,126,369	715,340
The	Company's financial investments are summarized by	12,216,293	5,549,107
cate	Company's financial investments are summarised by egories as follows:		
Avail Fair y	able-for-sale ("AFS") /alue through profit and loss ("FVTPL")	2,478,213	4,833,767
-desi	gnated upon initial recognition	7,497,587 1,114,124	-
-held	for trading ("HFT") and receivables ("LAR")	1,114,124 1,126,369	- 715,340
Louii	and recertables (Entry)	12,216,293	5,549,107
	carrying value of investments maturing after		
12 I AFS	months are as follows:	1,004,235	4,532,205
FVTP			.,,
-desi	gnated upon initial recognition	7,164,371 313,320	-
LAR		1,000	200,000
		8,482,926	4,732,205
(a)	Available-for-Sale ("AFS")	2011	2010
		RM'000	RM'000
	Fair value		
	Malaysian government papers Singapore government securities	84,740 57,000	399,306 50,067
	Debt securities:		
	Quoted outside Malaysia Unguoted in Malaysia	42,243 789,266	42,407 3,105,423
	Unquoted outside Malaysia	22,827	16,614
	Equity securities: Quoted in Malaysia	1,246,690	594,555
	Quoted outside Malaysia	71	1,362
	Unquoted in Malaysia Unquoted outside Malaysia	105,842 5,078	103,761 4,228
	Unit and property trust funds:	-	
	Quoted in Malaysia Quoted outside Malaysia	8,066 11,114	23,588 2,383
	Quoted outside Malaysia Unquoted in Malaysia	4,302	16,373
	Unquoted outside Malaysia	10,902	-
	Structured deposits Negotiable certificate of deposits	54,308 35,764	227,729 245,971
	Total AFS financial assets	2,478,213	4,833,767
(b)	Fair Value Through Profit and Loss ("FVTPL")		
	 Designated upon initial recognition <u>Fair value</u> 		
	Malaysian government papers	512,033	-
	Debt securities:		
	Unquoted in Malaysia Structured deposits	6,144,931 276,363	
	Negotiable certificate of deposits	564,260	-
		7,497,587	-
	(ii) HFT <u>Fair value</u>		
	Malaysian government papers	6,072	-
	Debt securities: Unquoted in Malaysia	398,931	
	Equity securities	-	
	Quoted in Malaysia Unit and property trust funds:	361,829	
	Quoted outside Malaysia	22,025	-
	Negotiable certificate of deposits Foreign notes	116,135 209,132	-
	i oreign notes	1,114,124	
	Total FVTPL financial assets	8,611,711	-
	Loans and receivables ("LAR")		
.,	Fair value		
	Fixed and call deposits with: Licensed banks	841,248	651,089
	Others	285,121	64,251
	Total LAR financial assets	1,126,369	715,340
		12,216,293	5,549,107
	The carrying amount disclosed for LAR above approxim		s at reportin
	date due to the short term maturity of the financial ass	ets.	
	Fair Value of Financial Investments The following table provides information of fair values o	of investments ar	alysed by the
	different bases used to estimate their respective fair va	alues:	
		2011 RM'000	2010 RM'000
	Quoted market price	1,649,795	621,888
	Valuation techniques - market observable inputs Valuation techniques - non-market observable inputs	9,324,907 115,222	4,087,517

NOTES TO THE ABBIDGED EINANCIAL STATEMENTS

Deb	apore government securities t securities	57,000 7,398,197	50,067 3,164,444
Equi	ity securities and property trust funds	7,398,197 1,719,509 56,410	703,906
Stru	ctured deposits	330,671	42,344 227,729
Neg Fore	otiable certificate of deposits eign notes	716,159 209,132	245,971
	osits with financial institutions	1,126,369	715,340
-		12,216,293	5,549,107
ca t Avai	Company's financial investments are summarised by tegories as follows: lable-for-sale ("AFS")	2,478,213	4,833,767
Fair	value through profit and loss ("FVTPL") ignated upon initial recognition	7,497,587	
hel	d for trading ("HFT")	1,114,124	
Loar	n and receivables ("LAR")	<u>1,126,369</u> 12,216,293	<u>715,340</u> 5,549,107
The	carrying value of investments maturing after	12,210,275	3,347,107
	months are as follows:	1,004,235	4,532,205
·des ·HFT	ignated upon initial recognition	7,164,371 313,320	-
LAR		1,000	200,000
(a)	Available-for-Sale ("AFS")	8,482,926	4,732,205
(u)	Available for Sale (Al S)	2011	2010
	Fair value	RM'000	RM'000
	Fair value Malaysian government papers	84,740	399,306
	Singapore government securities Debt securities:	57,000	50,067
	Quoted outside Malaysia	42,243	42,407
	Unquoted in Malaysia Unquoted outside Malaysia	789,266 22,827	3,105,423 16,614
	Equity securities:		
	Quoted in Malaysia Quoted outside Malaysia	1,246,690 71	594,555 1,362
	Unquoted in Malaysia Unquoted outside Malaysia	105,842 5,078	1,362 103,761 4,228
	Unit and property trust funds:		
	Quoted in Malaysia Quoted outside Malaysia	8,066 11,114	23,588 2,383
	Unquoted in Malaysia	4,302	16,373
	Unquoted outside Malaysia Structured deposits	10,902 54,308	227,729
	Negotiable certificate of deposits	35,764	245,971
	Total AFS financial assets	2,478,213	4,833,767
(b)	Fair Value Through Profit and Loss ("FVTPL") (i) Designated upon initial recognition Fair value		
	Malaysian government papers	512,033	
	Debt securities: Unquoted in Malaysia	6,144,931	
	Structured deposits	276,363	
	Negotiable certificate of deposits	<u>564,260</u> 7,497,587	<u> </u>
	(ii) HFT		
	<u>Fair value</u> Malaysian government papers	6,072	
	Debt securities:		
	Unquoted in Malaysia Equity securities	398,931	-
	Quoted in Malaysia Unit and property trust funds:	361,829	-
	Quoted outside Malaysia	22,025	-
	Negotiable certificate of deposits Foreign notes	116,135 209,132	-
	5	1,114,124	<u> </u>
	Total FVTPL financial assets	8,611,711	<u> </u>
(c)	Loans and receivables ("LAR")		
	Fixed and call deposits with:		
	Licensed banks Others	841,248	651,089
	Total LAR financial assets	285,121 1,126,369	64,251 715,340
		12,216,293	5,549,107
(d)	The carrying amount disclosed for LAR above approxim date due to the short term maturity of the financial ass Fair Value of Financial Investments The following table provides information of fair values of different bases used to estimate their respective fair va	ets. of investments an	
		2011	2010 PM'000
	Quoted market price	RM'000 1,649,795	RM'000 621,888
	Valuation techniques - market observable inputs	9,324,907	4,087,517
	Valuation techniques - non-market observable inputs	<u>115,222</u> 11,089,924	<u>124,362</u> 4,833,767
	Included in AFS financial assets are assets pledged		
	from Malayan Banking Berhad ("MBB") which amoun RM45,760,000).	ited to RM45,76	0,000 (2010:

2. INSU

unitholders (Note 8)

Life

Gene

(A)

URANCE CONTRACT LIABILITIES									
		2011			2010			1.7.2009	
	Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000
e insurance (Note A)	10,967,150	(36,966)	10,930,184	4,453,704	(34,856)	4,418,848	4,242,204	(38,849)	4,203,355
neral insurance (Note B)	2,069,969	(1,281,405)	788,564	1,765,528	(1,012,715)	752,813	1,925,222	(1,190,783)	734,439
	13,037,119	(1,318,371)	11,718,748	6,219,232	(1,047,571)	5,171,661	6,167,426	(1,229,632)	4,937,794
Life Insurance									
The life insurance contract liabilities and i	ts movements a	re further analys	ed as follows:						
(i) Life insurance contract liabilities									
		2011			2010			1.7.2009	
	Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000
Claims liabilities	65,426	(1,274)	64,152	16,100		16,100	14,809	-	14,809
Actuarial liabilities	7,714,233	(35,692)	7,678,541	3,612,377	(34,856)	3,577,521	3,592,100	(38,849)	3,553,251
Unallocated surplus	1,723,480	-	1,723,480	637,627		637.627	621,787	-	621,787
Available-for-sale fair value reserves Net asset value attributable to	256,315	-	256,315	187,600		187,600	13,508		13,508

4.453.704

4.418.848

(34.856)

4.242.204

(38,849) 4,203,355

1,207,696 (36,966) 10,930,184

1.207.696

10,967,150

(ii) Movements of life insurance

contract liabilities								
	Provision for outstanding claims RM'000	NAV attributable to unitholders RM'000	AFS RM'000	Actuarial liabilities RM'000	Surplus RM'000	Gross RM'000	Reinsurance RM'000	Total Liabilities RM'000
As at 1 July 2010 (as previously stated) Effects due to adoption of FRS 139:	16,100	-	187,600	3,612,377	637,627	4,453,704	(34,856)	4,418,848
 Reclassification investment from AFS to FVTPL On impairment of 	-	-	(70,487)	-	58,070	(12,417)	-	(12,417)
investments assets	-	-	4,149	•	(4,149)	-	-	-
 Deferred tax on reclassification investment from AFS to FVTPL Deferred tax on impairment 	-	-	5,639	-	(4,646)	993	-	993
of investments assets	-	-	(332)	-	332		-	-
As at 1 July 2010 (as restated) Transfer from Sri MLA (Note 4) Earned premiums	16,100 32,168	1,465,879 143,422	126,569 80,060	3,612,377 3,910,078	687,234 971,539 618,092	4,442,280 6,459,724 761,514	(34,856) (1,133) (20,834)	4,407,424 6,458,591 740,680
Other revenue	-	44,018		•	608,673	652,691	17,283	669,974
Benefits and claims	17,158	(441,019)	-	•	(545,830)	(969,691)	3,410	(966,281)
Other expenses	-	(39)	-	•	(172,662)	(172,701)	-	(172,701)
Change in Reserve:				4 45 357	(4.45.257)		(110)	(110)
- Discounting	-	-	•	145,257	(145,257)	-	(110)	(110)
 Assumptions Policy Movements 	-		•	52,479 (5,958)	(52,479) 5,958	-	(2,399)	(2,399)
Changes in AFS	-		54,006	(3,930)	5,950	54,006	1,673	1,673 54,006
Taxation		(4,565)	(4,320)		(10,965)	(19,850)		(19,850)
Transfer to shareholders	-	(1,505)	(1,520)		(240,823)	(240,823)	-	(240,823)
As at 30 June 2011	65,426	1,207,696	256,315	7,714,233	1,723,480	10,967,150	(36,966)	10,930,184
		1,207,070	,		, ,	, ,	, , , ,	
As at 1 July 2009	14,809		13,508	3,592,100	621,787	4,242,204	(38,849)	4,203,355
Earned premiums	-		•	•	335,969	335,969	(13,832)	322,137
Other revenue		•	•	-	252,318	252,318	9,236	261,554
Benefits and claims	1,291		•	•	(408,891)	(407,600)	4,596	(403,004)
Other expenses	-		•	-	(105,458)	(105,458)		(105,458)
Change in Reserve:				7,318	(7,318)		(144)	(144)
 Discounting Assumptions 	-		•	14,266	(14,266)	-	(166)	(166)
- Policy Movements				(1,307)	1,307		4,159	4,159
Changes in AFS			189,231	(1,307)	1,507	189,231	-,157	189,231
Taxation	-		(15,139)		(17,821)	(32,960)	-	(32,960)
Transfer to shareholders	-		(,		(20,000)	(20,000)	-	(20,000)
As at 30 June 2010	16,100		187,600	3,612,377	637,627	4,453,704	(34,856)	4,418,848

Included in the unallocated surplus component of the insurance contract liabilities is an amount of RM1,270,635,955 (2010 : RM555,685,274), being the accumulated surplus of the Non Participating Fund ("Non Par Fund") of the Company less the estimated actuarial liabilities for the Fund (collectively referred to as the "Non Par unallocated surplus"). In accordance with FRS 4 and the Framework for Preparation and Presentation of Financial Statements ("FRS Framework"), the Non Par unallocated surplus does not meet the definition of a liability, that is, a present obligation of the company arising from past events, the settlement of which is expected to result in an outflow of economic benefits as the Non Par unallocated surplus represents the residual interest in the assets of the Non Par Fund after consideration of all liabilities. In addition, in accordance to FRS 139, the AFS reserves of the life insurance fund of the Company, amounting to RM256,315,126 (2010) - RM127 601 1095) should be accounted for as equity of the Company. (2010 : RM187,601,095) should be accounted for as equity of the Company.

In accordance with the requirements of Guidelines issued by BNM, the Company has continued to classify the Non Par unallocated surplus and the AFS reserves of the Non Par Fund as insurance contract liabilities. These are modifications to the FRS which had been approved by BNM under Section 90 of the Insurance Act 1996. Had the Company applied the requirements of the Standards and the FRS Framework, the insurance contract liabilities of the Company would have been lower by RM1,526,951,081 (2010 : RM743,286,369); consequently, the retained profits and AFS reserves of the Company would have been higher by RM1,270,635,955 and RM256,315,126 (2010 : RM555,685,274 and RM187,601,095) respectively.

(B)	General insurance										
			20				2010			1.7.2009	
		Gross	Reinsura		Net				Gross		
		RM'000	RM'		RM'000				RM'000		
	Claims liabilities (i)	1,352,205	(888,		464,123	1,135,2			1,342,139		
	Premium liabilities (ii)	717,764	(393,		324,441	630,3	(- /		583,083		
		2,069,969	(1,281,	405)	788,564	1,765,5	28 (1,012,715) 752,813	1,925,222	(1,190,783) 734,439
	(i) Claims liabilities										
				~		2011	Net	~	D	2010	11-4
					iross l '000	Reinsurance RM'000			ross Rei 000	nsurance RM'000	Net RM'000
	At 1 July			1,135		(697,839		1,342		(903,391)	438,748
	Claims incurred in	the current	accident		,204	(077,057) -57,505	1,542	,137	(303,331)	430,740
	vear				,252	(424,207) 320,045	477	,975	(167,448)	310,527
	Other movements		urred in			. ,	, ,			. , ,	
	prior accident y				,154)	11,050			,419)	261,366	12,947
	Claims paid durin Movements in Un			(535	,115)	236,405	(298,710)	(440	,678)	139,379	(301,299)
	Adjustments Exp			5	.484	(3,828) 1,656	(5	,013)	7,786	2,773
	Movements in PR		- ,		,534	(9,663			,200	(35,531)	(26,331)
	At 30 June			1,352	/	(888,082	, ,	1,135	,	(697,839)	437,365
							, , , , , , , , , , , , , , , , , , , ,		,		<i>.</i>
	(ii) Premium liabiliti	es				2011				2010	
				G	iross I	Reinsurance	Net	G	ross Rei	nsurance	Net
					000	RM'000			000	RM'000	RM'000
	At 1 July			630	,324	(314,876) 315,448	583	,083	(287,392)	295,691
	Premiums written			1,253		(678,847		1,092		(542,186)	550,290
	Premiums earned	during the ye	ear	(1,166	,494)	600,400	(566,094)	(1,045	, ,	514,702	(530,533)
	At 30 June				,764	(393,323) 324,441	630	,324	(314,876)	315,448
OTH	IER COMMITMENTS AND	CONTINGEN	CIES								red from
				2011		10				Sri MLAB 2011	Sri MGAB 2010
٨nn	roved and contracted fo	vr.	к	M'000	RM'O	00			Note	RM'000	RM'000
	operty, plant and equipr			1.882	3.3	338					(Restated)
	angible assets		1	7,622	24,2		Liabilities:				
			1	9,504	27,6	528	Insurance contra	ct liabilities	2	6,459,724	732,329
Ann	roved and not contracte	d for:			1		Insurance payab	les		3,163	19,729
	operty, plant and equipr			200	4	190	Other payables			43,908	24,894
	ACCETC TRANCEERRED						Deferred tax liab	oilities		28,893	1,631

3.

NET ASSETS TRANSFERRED Mayban Life Assurance Berhad (now known as Sri MLAB Berhad) ("Sri MLAB") and Mayban General Assurance Berhad (now known as Sri MGAB) ("Sri MGAB") transferred their businesses and net assets as a going concern to the Company, on 1 November 2010 and 1 July 2009 respectively, pursuant to Vesting Orders obtained from the High Court of Malaya in Kuala Lumpur, and High Court of Singapore for Sri MGAB. Detaile of the net asset it ransferred as as follower: Details of the net assets transferred are as follows: Transferred from

	Note	Sri MLAB 2011 RM'000	Sri MGAB 2010 RM'000 (Restated)	
Assets:				
Property, plant and equipment		48,058	43,426	
Investment properties		250	990	
Prepaid land lease payments		11,670	7,984	
Intangible Assets		-	56	
Investments		6,538,834	516,591	
Financing receivables		75,900	15,066	
Reinsurance assets	2	1,133	395,928	
Insurance receivables		4,505	35,068	
Other receivables		80,110	11,371	
Derivative assets		41,371	-	
Cash and bank balances		31,448	19,157	
		6,833,279	1,045,637	
Equity and Liabilities:				
AFS reserves		11,703		

7. REGULATORY CAPITAL REQUIREMENT The capital structure of the Company as at 30 June 2011, as prescribed under the RBC Framework is provided below:

Elizikla Tiaz (Canital	RM'000	RM'000
Eligible Tier 1 Capital Share capital (paid up) Reserves, including retained earnings	152,151 3,696,119	152,151 2,190,779
	3,848,270	2,342,930
Tier 2 Capital Revaluation reserves Available for sale reserves Foreign exchange reserves	11,887 318,293 2,632	11,887 223,911 (11,832)
	332,812	223,966
Amount deducted from Capital	(53,788)	(46,528)
Total Capital Available	4,127,294	2,520,368

2011

2010

INSURANCE FUNDS 8.

6,535,688

The net assets transferred from Sri MLAB and Sri MGAB were satisfied by RM285,888,000 and RM267,054,000 cash, respectively.

On 1 November 2010, Sri MLAB transferred its life insurance business to the Company under a scheme made pursuant to Part XI, of the Insurance Act, 1996 at a purchase consideration equivalent to the net

BNM approved the scheme of transfer on 30 July 2010, while the High Court of Malaya approved the scheme on 27 September 2010.

505500 (2011) the Board of Directors of the ultimate holding company, MBB has approved the change in financial year end date from 30 June to 31 December.

trom 30 June to 31 December.
Accordingly, on 11 August 2011, the Board of Directors of the Company had similarly approved the change in the financial year end from 30 June to 31 December, which shall be implemented after the close of the financial year ended 30 June 2011. The new financial year will run from 1 July 2011 to 31 December 2011, covering a period of six (6) months. Thereafter, the financial year shall rever to twelve (12) months ending 31 December of each subsequent year.

months ending 31 December, of each subsequent year.

Transfer of life insurance business from Sri MLAB

book value of the insurance businesses.

285,888

778,583

267,054

The Company's principal activities are organised by funds and segregated into Shareholder's, General and Life funds in accordance with the Insurance Act, 1996 and Insurance Regulations, 1996. The Company's Statement of Financial Position and Income Statement have been further analysed by funds.

The Life business offers a wide range of participating and non-participating Whole Life, Term Assurance, Endowment and Annuity products, as well

as Unit-linked products. The General insurance businesses offer general insurance products which include Motor. Fire. Marine. Aviation and Transit ("MAT"). Health & Surgical and Miscellaneous products.

ST	ATEMENT	OF FINA	NCIAL PO	SITION BY	FUNDS A	S AT 30 J	JNE 2011		
Acata	30.06.2011 RM'000	Total 30.06.2010 RM'000 (Restated)	01.07.2009 RM'000 (Restated)	Shareho 30.06.2011 RM'000	lder's and Gen 30.06.2010 RM'000 (Restated)	eral Fund 01.07.2009 RM'000 (Restated)	30.06.2011 RM'000	Life Fund 30.06.2010 RM'000 (Restated)	01.07.2009 RM'000 (Restated)
Assets: Property, plant and equipment Investment properties Prepaid land lease payments Intangible assets Investment in associate Investment in associate Investments Financing receivables Reinsurance receivables Other receivables Other receivables Derivative assets Current tax assets Cash and bank balances	136,228 516,360 20,796 163 152 12,216,293 311,916 1,318,371 289,934 164,700 41,782 97,441 256,669	87,680 489,080 9,897 285 5,549,107 236,621 1,047,571 318,492 108,257 - 108,536 104,181	79,493 502,790 10,061 358 5,245,501 1,229,632 172,320 192,415 102,115 99,920	64,289 35,890 10,343 148 152 1,862,356 29,242 1,281,405 240,618 46,909 83,365 177,737	54,153 35,870 8,658 227 1,658,669 32,230 1,012,715 296,032 47,844 - 93,709 84,202	53,759 39,580 8,787 253 1,665,940 66,141 1,190,783 148,680 138,138 - - 87,288 69,293	71,939 480,470 10,453 15 - 10,353,937 282,674 36,966 49,316 117,791 41,782 14,076 78,932	33,527 453,210 1,239 58 3,890,438 204,391 34,856 22,460 60,413 	25,734 463,210 1,274 105 3,579,561 297,295 38,849 23,640 54,277 14,827 30,627
Total Assets	15,370,805	8,059,859	7,998,041	3,832,454	3,324,461	3,468,642	11,538,351	4,735,398	4,529,399
Equity and liabilities: Share capital Reserves Total Equity	152,151 <u>1,403,144</u> 1,555,295	152,151 1,065,898 1,218,049	152,151 910,434 1,062,585	152,151 <u>1,403,144</u> 1,555,295	152,151 <u>1,065,898</u> 1,218,049	152,151 910,434 1,062,585	-		-
Insurance contract liabilities Deferred tax liabilities Insurance payables Other payables ¹ Current tax liabilities Total Liabilities	13,037,119 79,662 322,331 332,772 43,626 13,815,510	6,219,232 39,249 355,867 191,148 36,314 6,841,810	6,167,426 3,581 183,104 530,568 50,777 6,935,456	2,069,969 9,097 296,580 (132,835) 34,348 2,277,159	1,765,528 8,660 343,409 (16,768) 5,583 2,106,412	1,925,223 (12,219) 167,531 325,522 2,406,057	10,967,150 70,565 25,751 465,607 9,278 11,538,351	4,453,704 30,589 12,458 207,916 30,731 4,735,398	4,242,203 15,800 15,573 205,046 50,777 4,529,399
Total equity and liabilities	15,370,805	8,059,859	7,998,041	3,832,454	3,324,461	3,468,642	11,538,351	4,735,398	4,529,399
¹ - Included in other payables is the amounts due to life, general and investment-linked funds which are unsecured, not subject to any interest/profit elements and are repayable on demand.									
Inter fund balances			-	(245,197)	(92,433)	(97,690)	245,197	92,433	97,690

INCOME STATEMEN	T/REVENU	IE ACCOUN	IT BY FUNI	DS FOR T	HE YEAR E	NDED 30	JUNE 2011	
		otal	Sharehold	er's Fund		ral Fund		Fund
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Operating revenue	2,504,386	1,737,507	32,049	21,183	1,294,289	1,139,326	1,178,048	576,998
Gross earned premiums Premiums ceded to reinsurers	1,928,008 (621,234)	1,381,204 (528,534)	-		1,166,494 (600,400)	1,045,235 (514,702)	761,514 (20,834)	335,969 (13,832)
Net earned premiums	1,306,774	852,670	-		566,094	530,533	740,680	322,137
Fee and commission income	68,064	52,156	-		61,492	49,894	6,572	2,262
Investment income	488,938	309,062	32,049	21,184	40,353	46,850	416,536	241,028
Realised gains and losses	179,091	58,246	17,582	11,805	24,659	13,724	136,850	32,717
Fair value gains and losses Other operating revenue	110,236 (34,144)	(9,862) 6,660	(2,539) (4,241)	(4)	(6,453) (19,856)	7,263	119,228 (10,047)	(9,862) (599)
Other revenue	812,185	416,262	42,851	32,985	100,195	117,731	669,139	265,546
Gross benefits and claims paid	(1,506,094)	(848,277)	72,031	JL, 70J	(535,115)	(440,678)	(970,979)	(407,599)
Claims ceded to reinsurers	241.102	143.975			236,405	139.379	4,697	4,596
Gross change to contract liabilities	(232,461)	169,528	-		(217,001)	206,936	(15,460)	(37,408)
Change in contract liabilities ceded to	(,,	,			(=,,		(,)	()
reinsurers	191,220	(209,545)	-		190,243	(205,552)	977	(3,993)
Net benefits and claims	(1,306,233)	(744,319)	-		(325,468)	(299,915)	(980,765)	(444,404)
Management expenses	(232,811)	(193,136)	(2,163)	(1,077)	(133,984)	(131,606)	(96,664)	(60,453)
Fee and commission expenses	(197,997)	(152,946)	-	-	(121,960)	(107,941)	(76,037)	(45,005)
Other expenses	(430,808)	(346,082)	(2,163)	(1,077)	(255,944)	(239,547)	(172,701)	(105,458)
Profit before tax	381,918	178,531	40,688	31,908	84,877	108,802	256,353	37,821
Transfer from Revenue Accounts								
 General Funds 	-	-	97,700	70,607	(97,700)	(70,607)	-	-
- Life Funds	(02.000)	-	240,823	20,000	42 022	(39, 405)	(240,823)	(20,000)
Taxation	(82,899)	(60,378)	(80,192)	(4,362)	12,823	(38,195)	(15,530)	(17,821)
Net profit/Surplus after tax	299,019	118,153	299,019	118,153		-	-	-

INVESTMENT-LINKED FUND STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2011

	2011 RM'000	2010 RM'000
Assets:		
Investments	1,181,785	
Other receivables	9,485	-
Derivative assets	41,782	-
Cash and bank balances	520	-
Total Assets	1,233,572	-
Liabilities:		
Deferred tax liabilities	3,952	
Other payables	20,162	-
Current tax liabilities	1,762	
Total Liabilities	25,876	
Net asset value of funds (Note 2)	1,207,696	-

INVESTMENT-LINKED FUND INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2011

	2011 RM'000	2010 RM'000
Investment income	28.651	
Realised gains and losses	11,132	
Fair value gains and losses	19,520	-
Other operating revenue	(15,284)	-
Other revenue	44,019	-
Management expenses	(39)	-
Other expenses	(39)	
Profit before tax	43,980	-
Taxation	(4,565)	-
Net profit/Surplus after tax	39.415	

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF ETIQA INSURANCE BERHAD (Incorporated in Malaysia)

(InCorporated in Malaysia) We have audited the financial statements of Etiqa Insurance Berhad ("the Company") for the year ended 30 June 2011, from which the abridged financial statements were derived, in accordance with Approved Standards on Auditing in Malaysia. The financial statements were drawn up in accordance with Financial Reporting Standards, as modified by Bank Negara Malaysia and the Companies Act, 1965 in Malaysia. In our report dated 11 August 2011, we expressed an unqualified opinion on the financial statements from which the abridged financial statements were derived. In our opinion, the accompanying abridged financial statements are consistent, in all material respects, with the financial statements from which they were derived and are prepared in accordance with the presentation and disclosure requirements as specified by Bank Negara Malaysia pursuant to Section 95 of the Insurance Act, 1996 and the publication requirement in Part C of BNW/RH/GL 003-28 on "Guidelines on Financial Reporting of Insurers". For a better understanding of the Company's financial position as at

For a better understanding of the Company's financial position as at 30 June 2011, and of its financial performance and cash flows for the year then ended and of the scope of our audit, the abridged financial statements should be read in conjunction with the financial statements from which the abridged financial statements were derived and our audit report theread and our audit report thereon.

Ernst & Young	Nik Rahmat Kamarulzaman bin Nik Ab. Rahman
AF: 0039	No. 1759/02/12(J)
Chartered Accountants	Chartered Accountant
Kuala Lumpur, Malaysia 11 August 2011	

For a full appreciation of the state of affairs of the Company, please refer to the statutory financial statements which are available on the Maybank website

Net assets transferred

5. SIGNIFICANT EVENT

6. SUBSEQUENT EVENT