



Etiqua 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 Sri 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

The holding and ultimate holding companies of the Company are Mayban Ageas Holdings Berhad ("MAHB") (formerly known as Mayban Fortis Holdings Berhad) and Malayan Banking Berhad ("MBB") respectively, which are both incorporated in Malaysia.

RESULTS

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

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 Ziegns	
Hans J. J. De Cuyper	
Mohamed Nor bin Abdul Hamid	(appointed on 3 September 2010)
Datuk R. Karunakaran	(appointed on 16 November 2010)
Loh Lee Soon	(appointed on 23 December 2010)
Dato' Aminuddin bin Md Desa	(resigned on 30 November 2010)

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.

(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 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:

	Number of Board meetings	
	Attended	%
Dato' Mohd Salleh Hj Harun (Chairman)	7/7	100
Damis Jacobus Ziegns	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 2010)	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.

(c) Corporate independence

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

(d) 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 meetings Attended	%
Loh Lee Soon (Chairman) (appointed on 7 February 2011)	4/4	100
Independent Non-Executive Director		
Damis Jacobus Ziegns	5/6	83
Non-Independent Non-Executive Director		
Datuk Dr. Syed Othman bin Syed Hussin Alhabshi	5/6	83
Independent Non-Executive Director		
Sulaiman bin Salleh (Chairman) (resigned on 6 February 2011)	2/2	100
Independent Non-Executive Director		

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.

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.

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

Mohamed Nor Abdul Hamid (Chairman)	(appointed on 7 February 2011)
Independent Non-Executive Director	
Damis Jacobus Ziegns	
Non-Independent Non-Executive Director	
Datuk R. Karunakaran	(appointed on 7 February 2011)
Non-Independent Non-Executive Director	
Dato' Johan bin Ariffin (Chairman)	(resigned on 6 February 2011)
Independent Non-Executive Director	
Sulaiman bin Salleh	(resigned on 6 February 2011)
Independent Non-Executive Director	

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	(appointed on 1 July 2011)
Independent Non-Executive Director	
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	
Alistair Maitland	
Independent Non-Executive Director	
Dato' Seri Ismail bin Shahudin (Chairman)	(resigned on 1 July 2011)
Independent Non-Executive Director	

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 transcended beyond Mayban Life Assurance Berhad to cover all other operating companies under Mayban Ageas Holdings Berhad ("MAHB") (formerly known as Mayban Fortis Holdings Berhad), which include Etiqa Insurance Berhad and Etiqa Takaful Berhad. Following the transfer of MLAB's business to Etiqa Insurance Berhad on 1 November 2010, the IC is now established at Etiqa Insurance Berhad.

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 ("IMM"), 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 investment 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	(appointed 7 February 2011)
Independent Non-Executive Director	
Sulaiman bin Salleh	(resigned 6 February 2011)
Independent Non-Executive Director	
Dato' Haji Aminuddin bin Md. Desa	(resigned on 30 November 2010)
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 Company's operations and prospects 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

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 financial 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:

	Number of Ordinary Shares of RM1 each			
	1 July 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 of Options over Ordinary Shares of RM0.627 Each				
	1 July 2010	Granted	Exercised	30 June 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:

- 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
- 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:

- it necessary to write off any bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent; and
- 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
- 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.

(g) Before the statement of financial position and income statement of the Company were 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

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

AUDITORS

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

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

DATO' MOHD SALLEH HJ HARUN

HANS J. J. DE CUYPER

(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)	16,100	-	187,600	3,612,377	637,627	4,453,704	(34,856)	4,418,848
Effects due to adoption of FRS 139:								
- Reclassification investment from AFS to FVTPL	-	-	(70,487)	-	58,070	(12,417)	-	(12,417)
- On impairment of investments assets	-	-	4,149	-	(4,149)	-	-	-
- Deferred tax on reclassification investment from AFS to FVTPL	-	-	5,639	-	(4,646)	993	-	993
- Deferred tax on impairment of investments assets	-	-	(332)	-	332	-	-	-
As at 1 July 2010 (as restated)	16,100	-	126,569	3,612,377	687,234	4,442,280	(34,856)	4,407,524
Transfer from Sri MLA (Note 4)	32,168	1,465,879	80,060	3,910,078	971,539	6,459,724	(1,133)	6,458,591
Earned premiums	-	-	-	-	618,092	761,514	(20,834)	740,680
Other revenue	-	-	-	-	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:								
- Discounting	-	-	-	145,257	(145,257)	-	(110)	(110)
- Assumptions	-	-	-	52,479	(52,479)	-	(2,399)	(2,399)
- Policy Movements	-	-	-	(5,958)	5,958	-	1,673	1,673
Changes in AFS	-	-	54,006	-	-	54,006	-	54,006
Taxation	-	(4,565)	(4,320)	-	(10,965)	(19,850)	-	(19,850)
Transfer to shareholders	-	-	-	-	(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
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:								
- Discounting	-	-	-	7,318	(7,318)	-	(166)	(166)
- Assumptions	-	-	-	14,266	(14,266)	-	-	-
- Policy Movements	-	-	-	(1,307)	1,307	-	4,159	4,159
Changes in AFS	-	-	189,231	-	-	189,231	-	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 : 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

	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 (i)	1,352,205	(888,082)	464,123	1,135,204	(697,839)	437,365	1,342,139	(903,391)	438,748
Premium liabilities (ii)	717,764	(393,323)	324,441	630,324	(314,876)	315,448	583,083	(287,392)	295,691
	2,069,969	(1,281,405)	788,564	1,765,528	(1,012,715)	752,813	1,925,222	(1,190,783)	734,439
(i) Claims liabilities									
At 1 July	1,135,204	(697,839)	437,365	1,342,139	(903,391)	438,748			
Claims incurred in the current accident year	744,252	(424,207)	320,045	477,975	(167,448)	310,527			
Other movements in claims incurred in prior accident years	(14,154)	11,050	(3,104)	(248,419)	261,366	12,947			
Claims paid during the year	(535,115)	236,405	(298,710)	(440,678)	139,379	(301,299)			
Movements in Unallocated Loss									
Adjustments Expenses ("ULAE")	5,484	(3,828)	1,656	(5,013)	7,786	2,773			
Movements in PRAD	16,534	(9,663)	6,871	9,200	(35,531)	(26,331)			
At 30 June	1,352,205	(888,082)	464,123	1,135,204	(697,839)	437,365			
(ii) Premium liabilities									
At 1 July	630,324	(314,876)	315,448	583,083	(287,392)	295,691			
Premiums written in the year	1,253,934	(678,847)	575,087	1,092,476	(542,186)	550,290			
Premiums earned during the year	(1,166,494)	600,400	(566,094)	(1,045,235)	514,702	(530,533)			
At 30 June	717,764	(393,323)	324,441	630,324	(314,876)	315,448			

3. OTHER COMMITMENTS AND CONTINGENCIES

	2011		2010	
	RM'000	RM'000	RM'000	RM'000
Approved and contracted for:				
Property, plant and equipment	1,882	3,338		
Intangible assets	17,622	24,290		
	19,504	27,628		
Approved and not contracted for:				
Property, plant and equipment	200	490		

4. 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. Details of the net assets transferred are as follows:

	Transferred from Sri MLAB		Sri MGAB	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
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	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	-		

5. SIGNIFICANT EVENT

Transfer of life insurance business from Sri MLAB
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 book value of the insurance businesses.
BNM approved the scheme of transfer on 30 July 2010, while the High Court of Malaya approved the scheme on 27 September 2010.

6. SUBSEQUENT EVENT

On 23 June 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.
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 revert to twelve (12) months ending 31 December, of each subsequent year.

7. REGULATORY CAPITAL REQUIREMENT

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

	2011 RM'000	2010 RM'000
Eligible Tier 1 Capital	152,151	152,151
Share capital (paid up)	3,696,119	2,190,779
Reserves, including retained earnings	3,848,270	2,342,930
Tier 2 Capital		
Revaluation reserves	11,887	11,887
Available for sale reserves	318,293	223,911
Foreign exchange reserves	2,632	(11,832)
	332,812	223,966
Amount deducted from Capital	(53,788)	(46,528)
Total Capital Available	4,127,294	2,520,368

8. INSURANCE FUNDS

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.

STATEMENT OF FINANCIAL POSITION BY FUNDS AS AT 30 JUNE 2011

	Total			Shareholder's and General Fund			Life Fund		
	30.06.2011 RM'000	30.06.2010 RM'000 (Restated)	01.07.2009 RM'000 (Restated)	30.06.2011 RM'000 (Restated)	30.06.2010 RM'000 (Restated)	01.07.2009 RM'000 (Restated)	30.06.2011 RM'000 (Restated)	30.06.2010 RM'000 (Restated)	01.07.2009 RM'000 (Restated)
Assets:									
Property, plant and equipment	136,228	87,680	79,493	64,289	54,153	53,759	71,939	33,527	25,734
Investment properties	516,360	489,080	502,790	35,890	35,870	39,580	480,470	453,210	463,210
Prepaid land lease payments	20,796	9,897	10,061	10,343	8,658	8,787	10,453	1,239	1,274
Intangible assets	163	285	358	148	227	253	15	58	105
Investment in associate	152	152	152	152	152	152	-	-	-
Investments	12,216,293	5,549,107	5,245,501	1,862,356	1,658,669	1,665,940	10,353,937	3,890,438	3,579,561
Financing receivables	311,916	236,621	363,436	29,242	32,230	66,141	282,674	204,391	297,295
Reinsurance assets	1,318,371	1,047,571	1,229,632	1,281,405	1,012,715	1,190,783	36,966	34,856	38,849
Insurance receivables	289,934	318,492	172,320	240,618	296,032	148,680	49,316	22,460	23,640
Other receivables	164,700	108,257	192,415	46,909	47,844	138,138	117,791	60,413	54,277
Derivative assets	41,782	-	-	-	-	-	41,782	-	-
Current tax assets	97,441	108,536	102,115	83,365	93,709	87,288	14,076	14,827	14,827
Cash and bank balances	256,669	104,181	99,920	177,737	84,202	69,293	78,932	19,979	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	152,151	152,151	152,151	152,151	152,151	152,151	-	-	-
Reserves	1,403,144	1,065,898	910,434	1,403,144	1,065,898	910,434	-	-	-
Total Equity	1,555,295	1,218,049	1,062,585	1,555,295	1,218,049	1,062,585	-	-	-
Insurance contract liabilities	13,037,119	6,219,232	6,167,426	2,069,969	1,765,528	1,925,223	10,967,150	4,453,704	4,242,203
Deferred tax liabilities	79,662	39,249	3,581	9,097	8,660	(12,219)	70,565	30,589	15,800
Insurance payables	322,331	355,867	183,104	296,580	343,409	167,531	25,751	15,573	15,573
Other payables	332,772	191,148	530,568	(132,835)	(16,768)	325,522	465,607	207,916	205,046
Current tax liabilities	43,626	36,314	50,777	34,348	5,583	-	9,278	30,731	50,777
Total Liabilities	13,815,510	6,841,810	6,935,456	2,277,159	2,106,41				