

**ETIQA INSURANCE BERHAD**

**(9557 T)**

**(Incorporated in Malaysia)**

**Unaudited Interim Financial Statements  
for the half-year ended 31 December 2010**

**9557 T**

**ETIQA INSURANCE BERHAD  
(Incorporated in Malaysia)**

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**ETIQA INSURANCE BERHAD**  
**(Incorporated in Malaysia)**

**INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2010**

	Note	31.12.2010 RM'000	30.06.2010 RM'000
<b>Assets:</b>			
Property, plant and equipment		141,291	87,680
Investment properties	4	489,330	489,080
Prepaid land lease payments	5	21,464	9,897
Intangible assets		226	285
Investment in subsidiary	6	-	-
Investment in associate	7	152	152
Investments	8	12,390,937	5,549,107
Financing receivables	9	313,800	236,621
Reinsurance assets	10	980,152	1,068,722
Insurance receivables	11	189,437	292,542
Other receivables		251,181	108,257
Derivative assets		41,692	-
Current tax assets		107,030	108,536
Cash and bank balances		174,837	104,181
<b>Total Assets</b>		<b>15,101,529</b>	<b>8,055,060</b>
<b>Equity:</b>			
Share capital		152,151	152,151
Reserves		1,098,333	1,063,818
		<b>1,250,484</b>	<b>1,215,969</b>
<b>Liabilities:</b>			
Insurance contract liabilities	12	12,832,285	6,217,209
Deferred tax liabilities		62,693	38,555
Insurance payables		227,488	355,867
Other financial liabilities		85,187	88,383
Other liabilities		574,582	102,765
Current tax liabilities		68,810	36,312
<b>Total Liabilities</b>		<b>13,851,045</b>	<b>6,839,091</b>
<b>Total Equity and Liabilities</b>		<b>15,101,529</b>	<b>8,055,060</b>

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**INTERIM STATEMENT OF CHANGES IN EQUITY**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2010**

	←-----Non-distributable-----→			Distributable		
	Share Capital RM'000	Share Premium RM'000	Available- for-Sale Reserve RM'000	Other Reserves RM'000	Retained Profits RM'000	Total Equity RM'000
<b>At 1 July 2010</b>	152,151	17,728	36,311	55	1,009,724	1,215,969
Effects due to changes in accounting policy	-	-	370	-	176	546
<b>At 1 July 2010 (Restated)</b>	152,151	17,728	36,681	55	1,009,900	1,216,515
Transfer from MLA (Note 14)	-	-	11,704	-	-	11,704
Total Comprehensive Income	-	-	1,389	4,629	16,247	22,265
<b>At 31 December 2010</b>	152,151	17,728	49,774	4,684	1,026,147	1,250,484
<b>At 1 July 2009</b>	152,151	17,728	-	13,017	898,624	1,081,520
Effects due to adoption of RBC Framework:						
- change in valuation of insurance liabilities	-	-	-	-	(14,580)	(14,580)
- fair value changes on AFS investments	-	-	(18,616)	-	7,949	(10,667)
- deferred tax on change in insurance liabilities	-	-	-	-	3,645	3,645
- deferred tax on fair value changes	-	-	4,654	-	(1,987)	2,667
<b>At 1 July 2009 (Restated)</b>	152,151	17,728	(13,962)	13,017	893,651	1,062,585
Total Comprehensive Income	-	-	29,338	980	40,732	71,050
<b>At 31 December 2009</b>	152,151	17,728	15,376	13,997	934,383	1,133,635

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**INTERIM STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2010**

	Note	6 months ended 31.12.2010 RM'000	6 months ended 31.12.2009 RM'000
<b>Operating revenue</b>			
Gross premiums		764,383	577,311
Investment income		202,273	147,640
		<u>966,656</u>	<u>724,951</u>
Gross earned premiums		865,141	661,122
Premiums ceded to reinsurers		(329,949)	(261,610)
<b>Net earned premiums</b>		<u>535,192</u>	<u>399,512</u>
Fee and commission income		24,134	20,743
Investment income		202,273	147,640
Realised gains		93,237	55,672
Fair value gains		42,533	-
Other operating expenses		(25,639)	(3,200)
<b>Other revenue</b>		<u>336,538</u>	<u>220,855</u>
Gross benefits and claims paid		(518,877)	(399,472)
Claims ceded to reinsurers		128,545	56,055
Gross change to contract liabilities		(237,319)	(57,146)
Change in contract liabilities ceded to reinsurers		10,495	17,740
<b>Net benefits and claims</b>		<u>(617,156)</u>	<u>(382,823)</u>
Management expenses		(104,864)	(98,133)
Fee and commission expenses		(87,735)	(74,489)
<b>Other expenses</b>		<u>(192,599)</u>	<u>(172,622)</u>
<b>Profit/surplus before taxation</b>		61,975	64,922
Taxation	13	(45,728)	(24,190)
<b>Net profit for the period</b>		<u>16,247</u>	<u>40,732</u>
<b>Other comprehensive income:</b>			
Surplus on revaluation of properties		-	67
Net gain on AFS financial assets			
- Gain on fair value changes		1,389	29,338
Gain on foreign exchange		6,172	1,217
Income tax relating to components of other comprehensive income		(1,543)	(304)
<b>Other comprehensive income for the period, net of tax</b>		<u>6,018</u>	<u>30,318</u>
<b>Total comprehensive income for the period</b>		<u>22,265</u>	<u>71,050</u>
<b>Earnings per share (sen)</b>			
Basic		<u>10.68</u>	<u>26.77</u>

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**INTERIM CASH FLOW STATEMENT**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2010**

	<b>6 months ended 31.12.2010 RM'000</b>	<b>6 months ended 31.12.2009 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit before tax</b>	<b>61,975</b>	<b>64,922</b>
Investment income	(189,483)	(139,744)
Realised gains recorded in income statement	(93,237)	(55,672)
Fair value gains recorded in income statement	(49,334)	-
Purchases of FVTPL financial investments	(297,084)	-
Proceeds from sale of FVTPL financial investments	250,536	-
Purchases of AFS investments	(457,143)	(609,187)
Proceeds from sale of AFS financial investments	394,648	784,538
Maturity of AFS financial investments	51,400	-
Purchase of HTM financial investments	(121,119)	-
Maturity of HTM financial investments	83,931	-
Increase in LAR	(1,279)	1,671
<b>Non-cash items:</b>		
Depreciation of property and equipment	2,376	1,864
Gain on disposal of property and equipment	(2)	-
Amortisation of intangible assets	59	36
Accretion of discounts, net of amortisation of premiums	(12,789)	(7,896)
Amortisation of prepaid land lease payments	103	86
Allowance for impairment of insurance assets	20,630	3,955
Provisions for impairment of investments	6,801	-
Unrealised gain of investment assets	32,029	(109,182)
Unrealised loss/(gain) on foreign exchange	4,734	(1,443)
<b>Changes in working capital:</b>		
Decrease in insurance receivables	338,534	599,000
Decrease/(increase) in other receivables	33,388	(72,411)
Decrease in insurance contract liabilities	(16,148)	(398,175)
(Increase)/decrease in fixed deposits	(37,375)	5,999
(Decrease)/increase in other financial liabilities	(97,926)	5,254
Decrease in insurance payables	(131,541)	(69,879)
Increase in other payables	440,394	174,173
<b>Cash generated from operating activities (to page 5)</b>	<b>217,078</b>	<b>177,909</b>

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**INTERIM CASH FLOW STATEMENT**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2010 (CONT'D)**

	<b>6 months ended 31.12.2010 RM'000</b>	<b>6 months ended 31.12.2009 RM'000</b>
<b>Cash generated from operating activities (from page 4)</b>	<b>217,078</b>	<b>177,909</b>
Investment income received	133,850	134,776
Income tax paid	(18,022)	(44,141)
<b>Net cash flows from operating activities</b>	<b>332,906</b>	<b>268,544</b>
<b>Investing Activities</b>		
Proceeds from disposal of property and equipment	230	-
Purchase of property and equipment	(7,881)	(4,131)
Purchase of MLAB /MGAB net assets (Note 14)	(285,889)	(267,054)
<b>Net cash flows from investing activities</b>	<b>(293,540)</b>	<b>(271,185)</b>
<b>Net increase in cash and cash equivalents</b>	<b>39,366</b>	<b>(2,641)</b>
Cash and cash equivalents at beginning of the year	104,181	80,763
Transfer from MLA/MGAB (Note 14)	31,290	19,157
	<b>135,471</b>	<b>99,920</b>
<b>Cash and cash equivalents at end of the period</b>	<b>174,837</b>	<b>97,279</b>

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS - 31 DECEMBER 2010**

**1. CORPORATE INFORMATION**

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 activities of the Company during the financial period.

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office and the principal place of business of the Company are located at Level 19, Tower C, Dataran Maybank, No. 1, Jalan Maarof, 59000 Kuala Lumpur.

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, both of which are incorporated in Malaysia. MBB is a licensed commercial bank listed on the Main Market of Bursa Malaysia Securities Berhad.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**2.1 Basis of Preparation**

The interim financial statements for the half-year ended 31 December 2010 are unaudited and have been prepared in accordance with Financial Reporting Standards ("FRS") in Malaysia and Guidelines/Circulars issued by Bank Negara Malaysia ("BNM").

The interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's audited financial statements for the year ended 30 June 2010.

**2.2 Changes in Accounting Policies**

The accounting policies adopted in the preparation of the interim financial statements are consistent with those adopted in the Company's audited financial statements for the year ended 30 June 2010, except for the adoption the following new and revised FRSS, Amendments to FRS and Issues Committee ("IC") Interpretations.

**Effective for financial periods beginning on or after 1 January 2010**

- (i) FRS 4 *Insurance Contracts*
- (ii) FRS 7 *Financial Instruments: Disclosures*
- (iii) FRS 101 *Presentation of Financial Statements (Revised)*
- (iv) FRS 123 *Borrowing Costs*
- (v) FRS 139 *Financial Instruments: Recognition and Measurement*
- (vi) Amendments to FRS 1 *First-time Adoption of Financial Reporting Standards* and  
and FRS 127 *Consolidated and Separate Financial Statements: Cost of an  
Investment in a Subsidiary, Jointly Controlled Entity or Associate*
- (vii) Amendments to FRS 2 *Share-based Payment - Vesting Conditions and  
Cancellations*



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**2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

**2.2 Changes in Accounting Policies (Contd.)**

**Effective for financial periods beginning on or after 1 January 2010 (Contd.)**

- (viii) Amendments to FRS 132 *Financial Instruments: Presentation*
- (ix) Amendments to FRS 139 *Financial Instruments: Recognition and Measurement*, FRS 7 *Financial Instruments: Disclosures* and IC Interpretation 9 *Reassessment of Embedded Derivatives*
- (x) Improvements to FRS issued in 2009
- (xi) IC Interpretation 9 *Reassessment of Embedded Derivatives*
- (xii) IC Interpretation 10 *Interim Financial Reporting and Impairment*
- (xiii) IC Interpretation 11 *FRS 2 – Group and Treasury Share Transactions*
- (xiv) IC Interpretation 13 *Customer Loyalty Programmes*
- (xv) IC Interpretation 14 *FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*

**Effective for financial periods beginning on or after 1 July 2010**

- (i) FRS 1 *First-time Adoption of Financial Reporting Standards*
- (ii) FRS 3 *Business Combinations (Revised)*
- (iii) Amendments to FRS 2 *Share-based Payment*
- (iv) Amendments to FRS 5 *Non-current Assets Held for Sale and Discontinued Operations*
- (v) Amendments to FRS 127 *Consolidated and Separate Financial Statements*
- (vi) Amendments to FRS 138 *Intangible Assets*
- (vii) Amendments to IC Interpretation 9 *Reassessment of Embedded Derivatives*
- (viii) IC Interpretation 12 *Service Concession Arrangements*
- (viii) IC Interpretation 15 *Agreements for the Construction of Real Estate*
- (ix) IC Interpretation 16 *Hedges of a Net Investment in a Foreign Operation*
- (x) IC Interpretation 17 *Distributions of Non-cash assets to Owners*

TR i-3 *Presentation of Financial Statements of Islamic Financial Institutions* will also be effective for annual periods beginning on or after 1 January 2010. The Technical Release is, however, not applicable to the Company.

The adoption of the above FRSs, Amendments to FRS and IC Interpretations did not have any significant effect on the financial performance or position of the Company except for those discussed below:

**a) FRS 7 *Financial Instruments: Disclosures***

FRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

**ETIQA INSURANCE BERHAD**  
**(Incorporated in Malaysia)****2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)****2.2 Changes in Accounting Policies (Contd.)****a) FRS 7 *Financial Instruments: Disclosures* (Contd.)**

In accordance with the transitional provisions of FRS 7, the Company have applied the disclosure requirements of the Standard prospectively and, hence, comparative disclosures have not been provided. The new disclosures will be included throughout the notes to the financial statements for the year ending 30 June 2011.

**b) FRS 101 *Presentation of Financial Statements* (Revised)**

The revised FRS 101 introduces changes in the presentation and disclosures of financial statements. The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. The Standard also introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Company has elected to present this statement as one single statement.

In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the classification of items in the financial statements.

The revised FRS 101 was adopted retrospectively by the Company. This Standard does not have any impact to the financial position and results of the Company.

**c) FRS 139 *Financial Instruments: Recognition and Measurement***

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. In the prior financial year ended 30 June 2010, the Company had adopted the valuation requirements prescribed in the Risk-Based Capital Framework ("the Framework") for its investments which were similar to the requirements of FRS 139. Accordingly, the impact of the adoption of FRS 139 were limited to the following:

**i) Debt securities**

Prior to 1 January 2010, debt securities of the life insurance fund of the Company were classified as available-for-sale ("AFS") financial assets as the option to designate investments as financial assets at fair value through profit or loss ("FVTPL") was not available in the Framework. Upon adoption of FRS 139 on 1 July 2010 and in accordance with the transitional provisions of the Standard, these debt securities were redesignated as financial assets at FVTPL and reclassified accordingly.

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**2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

**2.2 Changes in Accounting Policies (Contd.)**

**c) FRS 139 *Financial Instruments: Recognition and Measurement (Contd.)***

i) Debt securities (contd.)

Accordingly, cumulative net gains amounting to RM53,423,043 were reclassified from the AFS reserves of the life insurance fund of the Company to the opening balance of unallocated surplus as at 1 July 2010 as indicated in Note 2.3.

**d) FRS 4 *Insurance Contracts***

This Standard specifies the financial reporting requirements for insurance contracts by any entity that issues such contracts. The key changes arising from the adoption of this Standard is summarised as follows:

i) Gross presentation

The Standard requires that assets, liabilities, income and expenses arising from insurance contracts to be presented on a gross basis separately from assets, liabilities, income and expenses arising from the related reinsurance arrangements. The impact arising from the grossing up of such balances is described in Note 2.3

ii) Qualitative and quantitative disclosures

The Standard also requires additional disclosures to assist users of financial statements in understanding the amounts, timing and uncertainty of future cash flows arising from insurance contracts including a reconciliation between the opening and closing balances of insurance contract liabilities and a sensitivity analysis on insurance risk.

**2.3 Changes in accounting treatment after the adoption of FRS 139 and FRS 4**

The FRS 4 and FRS 139 require that any adjustments to the carrying amounts of assets and liabilities as a result of the adoption of the new valuation bases above, must be recognised as adjustments to the balance of retained profits brought forward.

The effects on adoption of new accounting policies prospectively on 1 July 2010 and description of the changes affecting the opening balances of retained profits, related assets and liabilities are summarised below:

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**2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

**2.3 Changes in Accounting treatment after the adoption of FRS 139 and FRS 4 (contd.)**

**Summary of effects of change in accounting policies on the current period's financial statements**

The following table presents the changes to the affected statement of financial position items, arising from the adoption of the FRS 4 and FRS 139. The resultant changes are reflected in the opening balance as at 1 July 2010, as follows:

	<b>As at 1 July 2010 RM'000</b>	<b>Increase/ (Decrease) RM'000</b>	<b>Restated as at 1 July 2010 RM'000</b>
<b>Retained Profits</b>	1,009,724	176	1,009,900
Impairment effect on investment assets		(2,379)	
Deferred tax effects		595	
Effect on fair value adjustment		(160)	
Deferred tax effects		40	
Impairment effect on insurance receivables		1,934	
Deferred tax effects		(484)	
Impairment effect on reinsurance assets		840	
Deferred tax effects		(210)	
<b>AFS Reserve</b>	36,311	370	36,681
Effect on fair value adjustment		493	
Deferred tax effects		(123)	
<b>Life insurance contract liabilities</b>	4,418,848	(11,424)	4,407,424
Actuarial liabilities	3,577,521	-	3,577,521
<u>Unallocated surplus</u>	637,627	49,607	687,234
Reclassification investment from AFS to FVTPL		53,424	
Impairment effect on investment assets		(4,149)	
Deferred tax effects		332	
<u>AFS Reserve</u>	187,600	(61,031)	126,569
Reclassification investment from AFS to FVTPL		(64,848)	
Impairment effect on investment assets		4,149	
Deferred tax effects		(332)	

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**2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

**2.3 Changes in accounting treatment after the adoption of FRS 139 and FRS 4 (contd.)**

The effects on the statement of financial position are as follows:

**Effects on Statement of Financial Position as at 31 December 2010**

	<b>Increase/ (decrease) RM'000</b>
Investments	(14,464)
Reinsurance assets	962,153
Deferred tax liabilities	(455)
Life insurance contract liabilities	23,334
General insurance contract liabilities	927,763

**3. SEASONALITY OF OPERATIONS**

The businesses of the Company was not materially affected by any seasonal or cyclical fluctuations during the half-year ended 31 December 2010.

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**4. INVESTMENT PROPERTIES**

	<b>Freehold land and buildings RM'000</b>	<b>Leasehold land and buildings RM'000</b>	<b>Total RM'000</b>
At 1 July 2010	371,311	117,769	489,080
Addition	-	-	-
Disposal	-	-	-
Fair value adjustment	-	-	-
Transfer from:			
- MLA (Note 14)	-	250	250
At 31 December 2010	<b>371,311</b>	<b>118,019</b>	<b>489,330</b>
At 1 July 2009	381,311	120,489	501,800
Addition	-	-	-
Disposal	-	(3,510)	(3,510)
Fair value adjustment	(10,000)	(200)	(10,200)
Transfer from:			
- MGAB	-	990	990
At 30 June 2010	<b>371,311</b>	<b>117,769</b>	<b>489,080</b>

Investment properties are stated at fair value, which had been determined based on valuations performed by an external independent valuer as at 30 June 2010. Valuations are performed on an annual basis and the fair value changes (gains/losses) are recorded in profit and loss.

**5. PREPAID LAND LEASE PAYMENTS**

	<b>RM'000</b>
<b>Cost</b>	
At 1 July 2010	9,897
Addition	-
Amortisation for the year	(103)
Transfer	
- MLA (Note 14)	11,670
At 31 December 2010	<b>21,464</b>
<b>Cost</b>	
At 1 July 2009	2,077
Addition	-
Amortisation for the year	(164)
Transfer	
- Property, plant & equipments	7,984
At 30 June 2010	<b>9,897</b>

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**6. INVESTMENT IN SUBSIDIARY**

	<b>31.12.2010</b>	<b>30.06.2010</b>	
	RM1	RM1	
Unquoted shares, at cost	<u>1</u>	<u>1</u>	
No. of shares	<u>1</u>	<u>1</u>	
	<b>Effective interest (%)</b>		<b>Principal activity</b>
<b>Name of company</b>	<b>31.12.2010</b>	<b>30.06.2010</b>	
Double Care Sdn Bhd ("DCSB") (incorporated in Malaysia)	100.00	100.00	Dormant

**7. INVESTMENT IN ASSOCIATE**

	<b>31.12.2010</b>	<b>30.06.2010</b>	
	RM'000	RM'000	
Unquoted shares, at cost	<u>152</u>	<u>152</u>	
	<b>Effective interest (%)</b>		<b>Principal activity</b>
<b>Name of company</b>	<b>31.12.2010</b>	<b>30.06.2010</b>	
Asian Forum Inc. (incorporated in Federal Territory of Labuan, Malaysia)	33.33	33.33	Offshore captive insurance
	<b>31.12.2010</b>	<b>30.06.2010</b>	
	RM'000	RM'000	
<b>Assets and liabilities</b>			
Current assets	17,076	18,658	
Non-current assets	-	-	
Total assets	<u>17,076</u>	<u>18,658</u>	
Current liabilities	11,144	12,177	
Non-current liabilities	806	906	
Total liabilities	<u>11,950</u>	<u>13,083</u>	
<b>Share of net assets @ 33.33%</b>	<u>1,709</u>	<u>1,858</u>	
<b>Results</b>			
Revenue	(148)	322	
<b>Share of profits @ 33.33%</b>	<u>(49)</u>	<u>107</u>	

The financial year end of the associate is 31 December. For the purpose of the disclosures above, the audited financial statements at 31 December 2009 of the associate and its management financial statements for 3-months period ended 31 March 2010 were used for the financial year ended 30 June 2010. Its management financial statements for 6-months period ended 30 September 2010 were used for the current period ended 31 December 2010.

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**8. INVESTMENT**

	<b>31.12.2010</b>	<b>30.06.2010</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Available-for -Sale ("AFS")</b>		
<b><u>Fair value</u></b>		
Malaysian government papers	94,476	379,755
Singapore government securities	54,162	49,155
Debt securities:		
Quoted outside Malaysia	45,017	40,932
Unquoted in Malaysia	782,065	2,998,001
Unquoted outside Malaysia	14,589	15,628
Equity securities		
Quoted in Malaysia	183,863	411,646
Quoted outside Malaysia	50	770
Unquoted in Malaysia	48,015	106,473
Unquoted outside Malaysia	4,988	3,445
Other investments:		
Quoted unit and property trust funds in Malaysia	6,952	20,412
Quoted unit and property trust funds outside Malaysia	3,953	3,821
Unquoted unit and property trust funds in Malaysia	1,161	20,191
Structured deposits	60,000	255,000
Negotiable certificate of deposits	87,416	225,018
Deposit with financial institutions	-	715,340
Accretion of discounts, net of amortisation of premium	4,581	54,764
Provision for unrealised gain/(loss)	61,385	251,733
Provision for impairment	(9,989)	(2,977)
Total AFS financial assets	<u>1,442,684</u>	<u>5,549,107</u>



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**8. INVESTMENT (CONTD.)**

	<b>31.12.2010</b>	<b>30.06.2010</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Fair Value Through P&amp;L ("FVTPL")</b>		
<b><u>Fair value</u></b>		
Malaysian government papers	463,971	-
Debt securities:		
Unquoted in Malaysia	5,691,983	-
Equity securities		
Quoted in Malaysia	665,829	-
Quoted outside Malaysia	6,976	-
Unquoted in Malaysia	60,602	-
Unquoted outside Malaysia	2,552	-
Other investments:		
Quoted unit and property trust funds in Malaysia	33,905	-
Quoted unit and property trust funds outside Malaysia	8,047	-
Unquoted unit and property trust funds in Malaysia	6,959	-
Structured deposits	305,000	-
Negotiable certificate of deposits	560,697	-
Accretion of discounts, net of amortisation of premium	131,661	-
Provision for unrealised gain/(loss)	506,803	-
Provision for impairment	(21,348)	-
Total FVTPL financial assets	<u>8,423,637</u>	<u>-</u>

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**8. INVESTMENT (CONTD.)**

	<b>31.12.2010</b>	<b>30.06.2010</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Held for Trading ("HFT")</b>		
<b><u>Fair value</u></b>		
Malaysian government papers	6,021	-
Debt securities:		
Unquoted in Malaysia	678,245	-
Equity securities		
Quoted in Malaysia	255,120	-
Quoted outside Malaysia	1,254	-
Other investments:		
Quoted unit and property trust funds outside Malaysia	18,220	-
Unquoted unit and property trust funds outside Malaysia	62	-
Negotiable certificate of deposits	221,683	
Accretion of discounts, net of amortisation of premium	154,787	-
Provision for unrealised gain/(loss)	67,227	-
Total HFT financial assets	<u>1,402,619</u>	<u>-</u>
Deposit with financial institutions	<u>1,121,997</u>	<u>-</u>
<b>Total</b>	<b><u>12,390,937</u></b>	<b><u>5,549,107</u></b>
<b>Investments maturing after 12 months:</b>		
AFS	1,042,802	4,732,205
FVTPL	7,055,612	-
HFT	781,718	-
	<u>8,880,132</u>	<u>4,732,205</u>

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**9. FINANCING RECEIVABLES**

	<b>31.12.2010</b>	<b>30.06.2010</b>
	<b>RM'000</b>	<b>RM'000</b>
Policy/automatic premium loans	227,018	162,096
Corporate loans	45,882	38,749
Staff loans:		
Secured	25,759	20,372
Unsecured	128	53
Others	15,750	21,583
Allowance for impairment / doubtful debts	(737)	(6,232)
	<b>313,800</b>	<b>236,621</b>
Receivable after 12 months	<b>53,222</b>	<b>103,693</b>

The carrying amounts approximate fair values due to the relatively short term maturity of these balances.

The weighted average effective interest rate during the financial period for staff loans was 2.84% (30.06.2010: 3.04%) per annum on the basis of monthly rest.

**10. REINSURANCE ASSETS**

	<b>31.12.2010</b>	<b>30.06.2010</b>
	<b>RM'000</b>	<b>RM'000</b>
Reinsurance of insurance contracts	962,153	1,045,546
Reinsurers' share of policyholders' liabilities	34,390	34,856
Reinsurers' share of claim liabilities	706,777	695,816
Reinsurers' share of premium liabilities	220,986	314,874
Due from reinsurers and cedants	43,678	42,177
	1,005,831	1,087,723
Allowance for impairment	(25,679)	(19,001)
	<b>980,152</b>	<b>1,068,722</b>

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**11. INSURANCE RECEIVABLES**

	<b>31.12.2010</b>	<b>30.06.2010</b>
	<b>RM'000</b>	<b>RM'000</b>
Due premiums including agents/brokers and co-insurers balances	206,714	310,813
Allowance for impairment	<u>(17,277)</u>	<u>(18,271)</u>
	<b><u>189,437</u></b>	<b><u>292,542</u></b>

Movements in allowance for impairment on insurance receivables are as follows:

	<b>31.12.2010</b>	<b>30.06.2010</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 July	18,271	19,431
Allowance for impairment provided during the period/year	<u>(994)</u>	<u>(1,160)</u>
At 31 December / 30 June	<b><u>17,277</u></b>	<b><u>18,271</u></b>

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**12. INSURANCE CONTRACT LIABILITIES**

	31.12.2010			30.06.2010		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Life insurance (Note A)	11,135,061	(34,390)	11,100,671	4,453,704	(34,856)	4,418,848
General insurance (Note B)	1,697,224	(927,763)	769,461	1,763,505	(1,010,690)	752,815
	<b>12,832,285</b>	<b>(962,153)</b>	<b>11,870,132</b>	<b>6,217,209</b>	<b>(1,045,546)</b>	<b>5,171,663</b>

**(A) Life Insurance**

The life insurance contract liabilities and its movements are further analysed as follows:

**(i) Life insurance contract liabilities**

	31.12.2010			30.06.2010		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Claims liabilities	38,675	(1,246)	37,429	16,100	-	16,100
Actuarial liabilities	7,605,083	(33,144)	7,571,939	3,612,377	(34,856)	3,577,521
Unallocated surplus	1,776,622	-	1,776,622	637,627	-	637,627
Available-for-sale fair value reserves	237,977	-	237,977	187,600	-	187,600
Net asset value attributable to unitholders	1,476,704	-	1,476,704	-	-	-
	<b>11,135,061</b>	<b>(34,390)</b>	<b>11,100,671</b>	<b>4,453,704</b>	<b>(34,856)</b>	<b>4,418,848</b>

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**12. INSURANCE CONTRACT LIABILITIES (CONTD.)**

**(A) Life Insurance (Contd.)**

**(ii) Movements of life insurance contract liabilities**

	Total Liabilities RM'000	Provision for outstanding claims RM'000	NAV attributable to unitholders RM'000	AFS RM'000	Policyholders' funds RM'000	Actuarial liabilities RM'000	Surplus RM'000
<b>As at 1 July 2010</b>	4,418,848	16,100	-	187,600	4,215,148	3,577,521	637,627
Effect due to changes in accounting policies	(11,424)	-	-	(61,031)	49,607	-	49,607
As at 1 July 2010 (restated)	4,407,424	16,100	-	126,569	4,264,755	3,577,521	687,234
Transfer from MLA (Note 14)	6,458,591	31,035	1,465,879	80,060	4,881,617	3,910,078	971,539
Net earned premiums	254,545	-	31,702	-	222,843	-	222,843
Other revenue	276,721	-	10,711	-	266,010	-	266,010
Net benefits and claims	(240,663)	(9,706)	(30,544)	-	(200,413)	-	(200,413)
Other expenses	(69,597)	-	(9)	-	(69,588)	-	(69,588)
Change in Reserve :							
- Discounting	-	-	-	-	-	26,813	(26,813)
- Policy Movements	-	-	-	-	-	57,527	(57,527)
Changes in AFS	31,348	-	-	31,348	-	-	-
Taxation	(17,698)	-	(1,035)	-	(16,663)	-	(16,663)
<b>As at 31 December 2010</b>	<b>11,100,671</b>	<b>37,429</b>	<b>1,476,704</b>	<b>237,977</b>	<b>9,348,561</b>	<b>7,571,939</b>	<b>1,776,622</b>

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**12. INSURANCE CONTRACT LIABILITIES (CONTD.)**

**(A) Life Insurance (Contd.)**

**(ii) Movements of life insurance contract liabilities**

	Total Liabilities RM'000	Provision for outstanding claims RM'000	NAV attributable to unitholders RM'000	AFS RM'000	Policyholders' funds RM'000	Actuarial liabilities RM'000	Surplus RM'000
As at 1 July 2009	4,203,355	14,809	-	13,508	4,175,038	3,553,251	621,787
Net earned premiums	322,137	-	-	-	322,137	-	322,137
Other revenue	265,547	-	-	-	265,547	-	265,547
Net benefits and claims	(403,005)	1,291	-	-	(404,296)	-	(404,296)
Other expenses	(105,457)	-	-	-	(105,457)	-	(105,457)
Change in Reserve :							
- Discounting	-	-	-	-	-	7,318	(7,318)
- Assumptions	-	-	-	-	-	14,266	(14,266)
- Policy Movements	-	-	-	-	-	2,686	(2,686)
Changes in AFS	174,092	-	-	174,092	-	-	-
Taxation	(17,821)	-	-	-	(17,821)	-	(17,821)
Transfer to shareholders	(20,000)	-	-	-	(20,000)	-	(20,000)
As at 30 June 2010	<u>4,418,848</u>	<u>16,100</u>	<u>-</u>	<u>187,600</u>	<u>4,215,148</u>	<u>3,577,521</u>	<u>637,627</u>

Included in the unallocated surplus component of the Company's insurance contract liabilities is an amount of RM1,402,621,478 being the accumulated surplus of the 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 RM237,977,295, 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 life insurance 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 RM1,640,598,773; consequently, the retained profits and AFS reserves of the Company would have been higher by RM1,402,621,478 and RM237,977,295 respectively.

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**12. INSURANCE CONTRACT LIABILITIES (CONTD.)**

**(B) General insurance**

	<b>Gross RM'000</b>	<b>31.12.2010 Reinsurance RM'000</b>	<b>Net RM'000</b>	<b>Gross RM'000</b>	<b>30.06.2010 Reinsurance RM'000</b>	<b>Net RM'000</b>
Provision for claims reported	848,611	(552,786)	295,825	899,402	(602,074)	297,328
Provision for incurred but not reported claims ("IBNR")	223,764	(99,480)	124,284	135,280	(43,803)	91,477
Provision of Risk Margin for Adverse Deviation ("PRAD")	95,283	(54,511)	40,772	98,499	(49,939)	48,560
Claims liabilities (i)	<u>1,167,658</u>	<u>(706,777)</u>	<u>460,881</u>	<u>1,133,181</u>	<u>(695,816)</u>	<u>437,365</u>
Premium liabilities (ii)	529,566	(220,986)	308,580	630,324	(314,874)	315,450
	<u>1,697,224</u>	<u>(927,763)</u>	<u>769,461</u>	<u>1,763,505</u>	<u>(1,010,690)</u>	<u>752,815</u>

**(i) Claims liabilities**

	<b>Gross RM'000</b>	<b>31.12.2010 Reinsurance RM'000</b>	<b>Net RM'000</b>	<b>Gross RM'000</b>	<b>30.06.2010 Reinsurance RM'000</b>	<b>Net RM'000</b>
As at 1 July	1,133,181	(695,816)	437,365	1,214,059	(775,309)	438,750
Claims incurred in the current accident year	370,471	(108,269)	262,202	477,973	(167,448)	310,525
Other movements in claims incurred in prior accident years	(58,311)	(24,276)	(82,587)	(112,524)	125,472	12,948
Claims paid during the year	(277,946)	128,277	(149,669)	(440,679)	139,379	(301,300)
Movements in Unallocated Loss Adjustment Expenses ("ULAE")	3,462	(2,104)	1,358	(2,313)	5,086	2,773
Movements in PRAD	(3,199)	(4,589)	(7,788)	(3,335)	(22,996)	(26,331)
As at 31 December/30 June	<u>1,167,658</u>	<u>(706,777)</u>	<u>460,881</u>	<u>1,133,181</u>	<u>(695,816)</u>	<u>437,365</u>



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**12. INSURANCE CONTRACT LIABILITIES (CONTD.)**

**(B) General insurance (Contd.)**

**(ii) Premium liabilities**

	<b>Gross RM'000</b>	<b>31.12.2010 Reinsurance RM'000</b>	<b>Net RM'000</b>	<b>Gross RM'000</b>	<b>30.06.2010 Reinsurance RM'000</b>	<b>Net RM'000</b>
As at 1 July	630,323	(314,873)	315,450	583,082	(287,122)	295,960
Premiums written in the year	501,364	(227,434)	273,930	1,092,476	(542,186)	550,290
Premiums earned during the year	(602,121)	321,321	(280,800)	(1,045,234)	514,434	(530,800)
As at 31 December/30 June	<u>529,566</u>	<u>(220,986)</u>	<u>308,580</u>	<u>630,324</u>	<u>(314,874)</u>	<u>315,450</u>

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**13. TAXATION**

Taxation for the current period had included additional tax liability of RM17,394,322 due to revision of tax assessments for 2003.

**14. SIGNIFICANT EVENT**

**NET ASSETS TRANSFERRED FROM MAYBAN LIFE ASSURANCE BERHAD ("MLAB")**

On 1 November 2010, pursuant to Vesting Orders obtained from the High Court of Malaya in Kuala Lumpur, MLAB transferred its life insurance business and net assets as a going concern to the Company. Details of the net assets transferred on 1 November 2010 are as follows:

	<b>RM'000</b>
<b><u>Assets:</u></b>	
Property, plant and equipment	48,059
Investment properties	250
Prepaid land lease payments	11,670
Investments	6,580,374
Financing receivables	75,900
Reinsurance assets	207
Insurance receivables	4,272
Other receivables	73,906
Cash and bank balances	31,290
	<u>6,825,928</u>
<b><u>Equity:</u></b>	
AFS reserves	<u>11,704</u>
<b><u>Liabilities:</u></b>	
Deferred tax liabilities	26,597
Insurance payables	3,162
Other financial liabilities	6,265
Other liabilities	31,424
Tax on unrealised gain	2,296
Insurance contract liabilities	6,458,591
	<u>6,528,335</u>
Net assets transferred	<u>285,889</u>

The net assets transferred from MLAB were satisfied by RM285,889,000 cash.

For the period ended 31 December 2009, Mayban General Assurance Berhad ("MGAB") had pursuant to Vesting Orders obtained from the High Court of Malaya in Kuala Lumpur and High Court of Singapore transferred its general insurance business and net assets as a going concern to the Company on 1 July 2009. The net assets transferred from MGAB amounted to RM267,054,000 were satisfied by cash.

**15. CHANGES IN ESTIMATES**

There was no change in estimates of amounts reported in prior financial years that has a material effect in the interim financial statements, except for the changes in the accounting policies adopted as described in Notes 2.2 and 2.3.

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**16. ISSUANCE OR REPAYMENT OF DEBT AND EQUITY SECURITIES**

There was no issuance or repayment of debt and equity securities for the half-year ended 31 December 2010.

**17. DIVIDENDS PAID**

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

**18. SUBSEQUENT EVENT**

There has not arisen in the interval between the end of this reporting period and the date of this announcement, any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Company.

**19. CHANGES IN THE COMPOSITION OF THE COMPANY**

There is no change in the composition of the Company from the previous audited annual financial statements.

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**20. OPERATING LEASE COMMITMENTS**

- (a) As at the balance sheet date, the Company leases its office premises and equipment under lease agreements that are not cancellable within a year. The leases contain renewable options. Lease terms do not contain restrictions on the branch's activities concerning additional debts or further leasing.

Future minimum lease payments for the lease with initial or remaining terms of one year or more are as follows:

	<b>30.12.2010</b>	<b>30.06.2010</b>
	<b>RM'000</b>	<b>RM'000</b>
Within 1 year	1,397	1,366
After 1 year but not more than 5 years	3,918	575
	<u>5,315</u>	<u>1,941</u>

The future minimum lease payments receivable under non-cancellable operating leases contracted for as at the balance sheet date but not recognised as receivables, are as follows:

	<b>30.12.2010</b>	<b>30.06.2010</b>
	<b>RM'000</b>	<b>RM'000</b>
Not later than 1 year	25,050	29,415
Later than 1 year but not later than 5 years	8,896	1,859
	<u>33,946</u>	<u>31,274</u>

**21. OTHER COMMITMENTS AND CONTINGENCIES**

	<b>30.12.2010</b>	<b>30.06.2010</b>
	<b>RM'000</b>	<b>RM'000</b>
Approved and contracted for:		
Property, plant and equipment	4,654	3,338
Life core system	56,000	53,960
	<u>60,654</u>	<u>57,298</u>
Approved and not contracted for:		
Property, plant and equipment	-	490
	<u>-</u>	<u>490</u>

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**22. REGULATORY CAPITAL REQUIREMENT**

The capital structure of the Company as at 31 December 2010, as prescribed under the Framework is provided below:

	<b>30.12.2010</b>	<b>30.06.2010</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Eligible Tier 1 Capital</b>		
Share capital (paid up)	152,151	152,151
Reserves, including retained earnings	3,488,667	2,188,699
	<u>3,640,818</u>	<u>2,340,850</u>
<b>Tier 2 Capital</b>		
Revaluation reserves	11,887	11,887
AFS reserves	287,750	223,912
Currency reserves	(7,203)	(11,831)
	<u>292,434</u>	<u>223,968</u>
<b>Amount deducted from Capital</b>	<u>54,175</u>	<u>46,528</u>
<b>Total Capital Available</b>	<u>3,879,077</u>	<u>2,518,290</u>

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**23. 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 insurance business offers a wide range of participating and non-participating Whole Life, Term Assurance, Endowment and Annuity products, as well as Unit-linked products.

**INTERIM STATEMENT OF FINANCIAL POSITION BY FUNDS**  
**AS AT 31 DECEMBER 2010**

	Total		Shareholder's and General Fund		Life Fund	
	31.12.2010 RM'000	30.06.2010 RM'000	31.12.2010 RM'000	30.06.2010 RM'000	31.12.2010 RM'000	30.06.2010 RM'000
<b>Assets:</b>						
Property, plant and equipment	141,291	87,680	64,626	54,152	76,665	33,528
Investment properties	489,330	489,080	35,870	35,870	453,460	453,210
Prepaid land lease payments	21,464	9,897	10,923	8,658	10,541	1,239
Intangible assets	226	285	189	227	37	58
Investment in subsidiary	-	-	-	-	-	-
Investment in associate	152	152	152	152	-	-
Investments	12,390,937	5,549,107	2,048,997	1,658,669	10,341,940	3,890,438
Financing receivables	313,800	236,621	31,010	32,230	282,790	204,391
Reinsurance assets	980,152	1,068,722	939,650	1,031,856	40,502	36,866
Insurance receivables	189,437	292,542	173,275	272,092	16,162	20,450
Other receivables	251,181	108,257	122,328	47,844	128,853	60,413
Derivative assets	41,692	-	-	-	41,692	-
Current tax assets	107,030	108,536	92,203	93,710	14,827	14,826
Cash and bank balances	174,837	104,181	137,541	84,202	37,296	19,979
<b>Total Assets</b>	<b>15,101,529</b>	<b>8,055,060</b>	<b>3,656,764</b>	<b>3,319,662</b>	<b>11,444,765</b>	<b>4,735,398</b>
<b>Equity and liabilities:</b>						
Share capital	152,151	152,151	152,151	152,151	-	-
Reserves	1,098,333	1,063,818	1,098,333	1,063,818	-	-
	<b>1,250,484</b>	<b>1,215,969</b>	<b>1,250,484</b>	<b>1,215,969</b>	<b>-</b>	<b>-</b>
<b>Liabilities:</b>						
Insurance contract liabilities	12,832,285	6,217,209	1,697,225	1,763,503	11,135,060	4,453,706
Deferred tax liabilities	62,693	38,555	5,229	7,966	57,464	30,589
Insurance payables	227,488	355,867	206,373	343,409	21,115	12,458
Other financial liabilities <sup>1</sup>	85,187	88,383	-	(88,465)	85,187	176,848
Other liabilities	574,582	102,765	497,453	71,699	77,129	31,066
Current tax liabilities	68,810	36,312	-	5,581	68,810	30,731
<b>Total Liabilities</b>	<b>13,851,045</b>	<b>6,839,091</b>	<b>2,406,280</b>	<b>2,103,693</b>	<b>11,444,765</b>	<b>4,735,398</b>
<b>Total equity and liabilities</b>	<b>15,101,529</b>	<b>8,055,060</b>	<b>3,656,764</b>	<b>3,319,662</b>	<b>11,444,765</b>	<b>4,735,398</b>
<sup>1</sup> Other financial liabilities include Interfund balances	-	-	(22,116)	(92,433)	22,116	92,433

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**INTERIM INCOME STATEMENT/ REVENUE ACCOUNTS BY FUNDS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2010**

	Total		Shareholder's Fund		General fund		Life Fund	
	6 months ended 31.12.2010 RM'000	6 months ended 31.12.2009 RM'000	6 months ended 31.12.2010 RM'000	6 months ended 31.12.2009 RM'000	6 months ended 31.12.2010 RM'000	6 months ended 31.12.2009 RM'000	6 months ended 31.12.2010 RM'000	6 months ended 31.12.2009 RM'000
<b>Operating revenue</b>								
Gross premiums	764,383	577,311			501,364	422,731	263,019	154,580
Investment income	202,273	147,640	15,000	10,752	22,545	24,513	164,728	112,375
	<u>966,656</u>	<u>724,951</u>	<u>15,000</u>	<u>10,752</u>	<u>523,909</u>	<u>447,244</u>	<u>427,747</u>	<u>266,955</u>
Gross earned premiums	865,141	661,122	-	-	602,122	506,542	263,019	154,580
Premiums ceded to reinsurers	(329,949)	(261,610)	-	-	(321,322)	(253,580)	(8,627)	(8,030)
<b>Net earned premiums</b>	<u>535,192</u>	<u>399,512</u>	<u>-</u>	<u>-</u>	<u>280,800</u>	<u>252,962</u>	<u>254,392</u>	<u>146,550</u>
Fee and commission income	24,134	20,743	-	-	22,579	20,089	1,555	654
Investment income	202,273	147,640	15,000	10,752	22,545	24,513	164,728	112,375
Realised gains	93,237	55,672	11,963	10,320	15,757	18,105	65,517	27,247
Fair value gains/(losses)	42,533	-	(2,616)	-	(5,404)	-	50,553	-
Other operating (expenses)/revenue	(25,639)	(3,200)	(4,075)	-	(15,933)	(3,316)	(5,631)	116
<b>Other revenue</b>	<u>336,538</u>	<u>220,855</u>	<u>20,272</u>	<u>21,072</u>	<u>39,544</u>	<u>59,391</u>	<u>276,722</u>	<u>140,392</u>
Gross benefits and claims paid	(518,877)	(399,472)	-	-	(277,946)	(204,197)	(240,931)	(195,275)
Claims ceded to reinsurers	128,545	56,055	-	-	128,277	55,283	268	772
Gross change to contract liabilities	(237,319)	(57,146)	-	-	(34,477)	(29,576)	(202,842)	(27,570)
Change in contract liabilities ceded to reinsurers	10,495	17,740	-	-	10,961	21,501	(466)	(3,761)
<b>Net benefits and claims</b>	<u>(617,156)</u>	<u>(382,823)</u>	<u>-</u>	<u>-</u>	<u>(173,185)</u>	<u>(156,989)</u>	<u>(443,971)</u>	<u>(225,834)</u>
Management expenses	(104,864)	(98,133)	(1,011)	(561)	(63,705)	(68,648)	(40,148)	(28,924)
Fee and commission expenses	(87,735)	(74,489)	-	-	(58,439)	(53,810)	(29,296)	(20,679)
<b>Other expenses</b>	<u>(192,599)</u>	<u>(172,622)</u>	<u>(1,011)</u>	<u>(561)</u>	<u>(122,144)</u>	<u>(122,458)</u>	<u>(69,444)</u>	<u>(49,603)</u>
<b>Profit/ Surplus before tax</b>	61,975	64,922	19,261	20,511	25,015	32,906	17,699	11,505
<b>Transfer from Revenue Accounts</b>								
- General Funds	-	-	25,015	32,906	(25,015)	(32,906)	-	-
- Life Funds	-	-	-	-	-	-	-	-
Taxation	(45,728)	(24,190)	(28,029)	(12,685)	-	-	(17,699)	(11,505)
<b>Net profit/ Suplus after tax</b>	<u>16,247</u>	<u>40,732</u>	<u>16,247</u>	<u>40,732</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**ETIQA INSURANCE BERHAD**  
**(Incorporated in Malaysia)**

**INTERIM STATEMENT OF FINANCIAL POSITION FOR INVESTMENT-LINKED FUNDS**  
**AS AT 31 DECEMBER 2010**

	<b>31.12.2010</b> <b>RM'000</b>
<b><u>Assets:</u></b>	
Investments	1,447,519
Other receivables	10,863
Derivative assets	33,869
Cash and bank balances	443
<b>Total Assets</b>	<b>1,492,694</b>
<b><u>Liabilities:</u></b>	
Deferred tax liabilities	2,179
Insurance payables	178
Other payables	12,841
Current tax liabilities	792
<b>Total Liabilities</b>	<b>15,990</b>
<b>Net asset value of funds (Note 12)</b>	<b>1,476,704</b>

**INTERIM INCOME STATEMENT FOR INVESTMENT-LINKED FUNDS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2010**

	<b>6 months</b> <b>ended</b> <b>31.12.2010</b> <b>RM'000</b>
<b>Operating revenue</b>	40,324
Gross earned premiums	31,702
Premiums ceded to reinsurers	-
<b>Net earned premiums</b>	<b>31,702</b>
Investment income	8,622
Realised gains and losses	5,745
Fair value gains and losses	922
Other operating revenue	(4,578)
<b>Other revenue</b>	<b>10,711</b>
Gross benefits and claims paid	(30,544)
Gross change to contract liabilities	-
<b>Net benefits and claims</b>	<b>(30,544)</b>
Management expenses	(9)
<b>Other expenses</b>	<b>(9)</b>
<b>Profit before tax</b>	<b>11,860</b>
Taxation	(1,035)
<b>Net profit/ Suplus after tax</b>	<b>10,825</b>