AmAssurance

Service 1st. *Our Promise.*

AmLife Insurance Berhad (15743-P)

(Incorporated in Malaysia)

ANNUAL REPORT

2011

Vision

Top Insurer Preferred for Service

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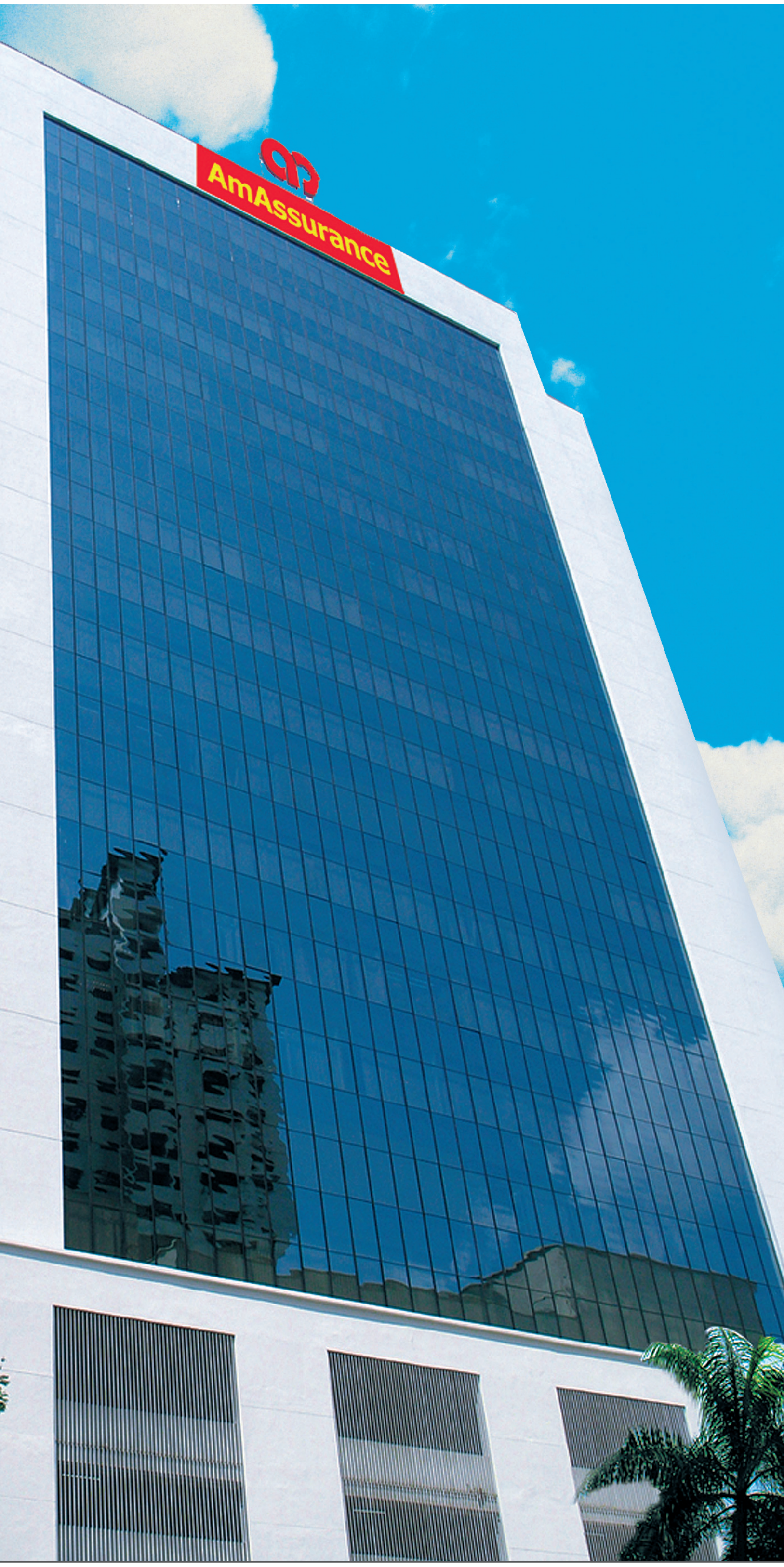
About AmLife Insurance Berhad

AmLife Insurance Berhad ("AmLife"), formerly known as AmAssurance Berhad, is a strong partnership between AmBank Group and Friends Life Group. AmLife is growing bigger and stronger with its fast growing customer base and innovative products and services.



AmAssurance was incorporated on 17 September 1973 as The First Life Insurance Company (M) Berhad. Since then it has undergone various restructurings and name changes. In June 2002, Arab-Malaysian Banking Group embarked on a rebranding exercise that involved a name change to AmBank Group and adopted new corporate colours of red and yellow, to reflect a new resolve to be bigger, better and simpler. In line with this exercise, Arab-Malaysian Assurance Berhad changed its name to AmAssurance Berhad on 10 June 2002.

Following a scheme of merger in June 1986, both the life and general insurance operations were brought together under the ambit of a single company to provide a comprehensive range of life and general insurance services. On 1 December 2008, AmAssurance Berhad further reorganised its business portfolio into two specialised companies. The general insurance operations are now undertaken by AmG Insurance Berhad while the life insurance operations are now undertaken by AmLife Insurance Berhad. However, both companies still carry the brand name of AmAssurance.

AmLife's strategic partner Friends Life Group includes Friends Life - a leading UK life and pensions company. It can trace its history back to 1810 and is owned by the Resolution Group which is listed on the FTSE100 index of leading UK companies. Friends Life Group employs around 6,000 people and takes care of the financial needs of more than five million customers worldwide with over £111 billion of funds under management.

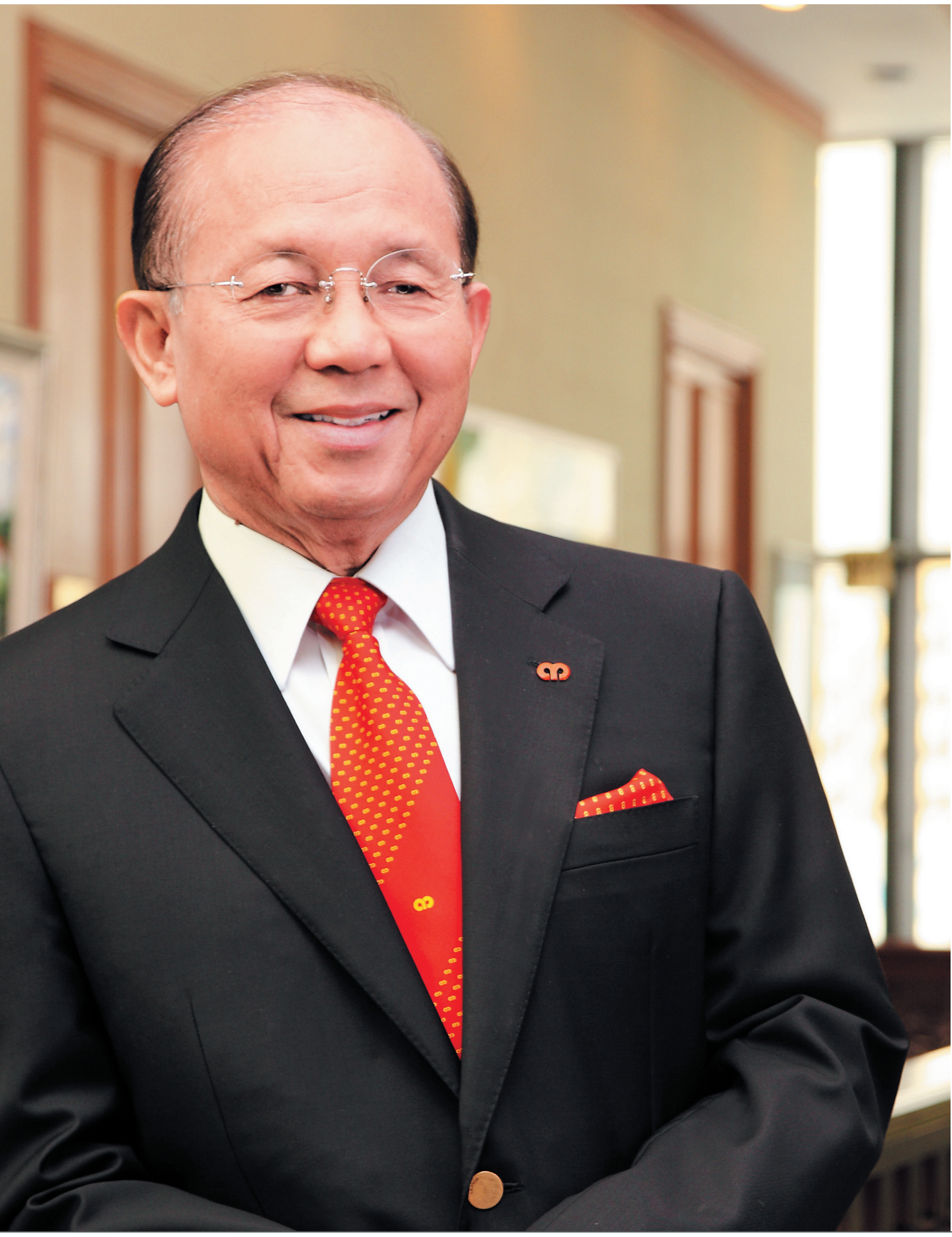
AmAssurance's continued strive to realise its vision to be the "Top Insurer Preferred for Service" has won the company recognition as winner of the "Outstanding Entrepreneurship" Award in the Asia Pacific Outstanding Entrepreneurship Awards 2008. Other prominent awards received include "Emerging Life Insurance Company" and "Service Provider of the Year" Awards in the Best Business of the Year Award 2009 and "Prominent Company" in the Malaysia Independence Awards 2009.

AmLife's business is generated from a comprehensive range of life insurance and wealth protection solutions distributed through a combination of over 200 AmBank and AmAssurance branded branch offices, serviced by over 4,000 agents and representatives nationwide.

Chairman's Message

Dear Valued Shareholders,

It has been another impressive year for AmLife Insurance Berhad, the life insurance arm of AmBank Group, as we posted a strong growth of 42% in net profit to RM55.5 million and a leap of 83% in pre-tax profit to RM87.7 million from the preceding year.



The financial year ended 31 March 2011 also saw the total assets of AmLife increasing to RM2.9 billion, up by 12% from the previous year's RM2.6 billion.

INITIATIVES

Some of the notable initiatives undertaken by AmLife throughout the financial year include:

- Launch of AmProtect 99 on 30 August 2010, to provide lifetime protection to policyholders up to age 99.
- Introduction of AmMedic on 18 September, a unique standalone hospital and surgical product with an open choice of medical care providers. AmMedic is designed to provide sufficient health coverage to the insured upon retirement.

AmLife also signed a strategic partnership with Integrated Healthcare Management (IHM) Sdn Bhd on 5 October 2010 for medical business and formalised a strategic bancassurance distribution partnership arrangement with Malaysia Building Society Berhad (MBSB) in March 2011.

AWARDS AND RECOGNITION

As a "Top Insurer Preferred for Service", AmLife is committed to delivering quality service to policyholders at all times. Thus, we are extremely pleased that our efforts in the past year have been rewarded and recognised with two further awards to add to our growing list. The two accolades, namely Emerging Life Insurance Company of The Year and Service Provider of The Year were awarded to AmLife at the 4th Business of The Year Award 2009 held at Grand Dorsett Hotel Subang on 20 June 2010.

Being the sole winner in the Malaysian Life Insurance Industry of both award categories, there can be no better testament to the quality of our services and excellent professionalism amongst other leading life insurers in the market.

COMMITMENT TO STAKEHOLDERS AND COMMUNITY

In our quest to be a responsible corporate citizen, our AmFriends Cruiser team continued to respond to emergency relief needs by providing compassionate aid to local communities in time of catastrophe. In addition to this, we have identified another two key areas covering workplace and customers to ensure our interactions with stakeholders are ethical and responsible at all levels.

Employees are our greatest asset, hence we strive to provide competitive benefit packages conducive with a good working environment. Accordingly as a caring employer, AmLife has recently broadened the staff privileges offered through its Staff Discount Insurance (SDI) Unit to provide lifelong financial planning and protection plans to all employees and their family members.

We are making good progress with the "Treating Customers Fairly" (TCF) initiative which was introduced at the end of 2010. To encourage corrective actions and improve the experience for customers, we have published a gap analysis of all departments and set up a market conduct team to review the performance of our agents on a continuous basis to reduce the risk of any mis-selling. Such TCF initiatives will remain as one of the top priorities of the company and I believe, places AmLife at the forefront of the industry for such best practices.

LOOKING AHEAD

While we continue to develop innovative products to meet evolving customer needs and to pursue opportunities for profitable growth, we aspire to be at the forefront of the industry in terms of service culture. Our focus remains on building effective and healthy business relations with our customers through the TCF initiative, to foster higher levels of professionalism amongst our agency force as well as sales representatives and to embed friendlier business operations practices within the company.

ACKNOWLEDGEMENT

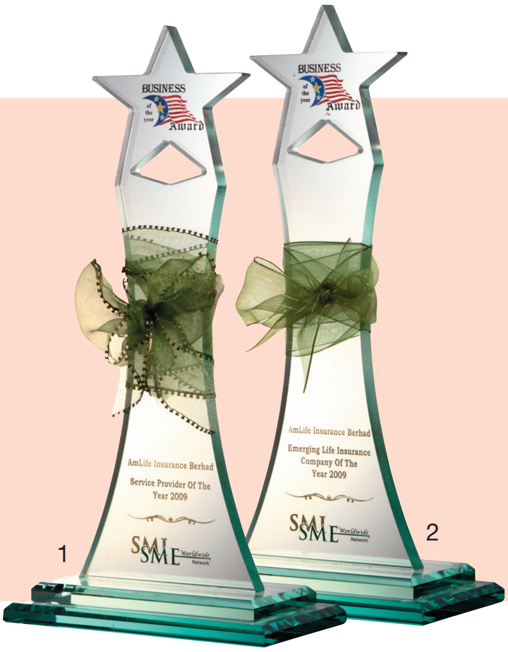
I would like to record my sincere thanks to the AmLife management team and employees for their concerted hard work that made FY2011 another year of record profit. I am confident the AmLife management team will be able to scale greater heights and consistently deliver exceptional performance in the new financial year.

The success of the company's growth would not have been possible without the steadfast support from our valued customers and business associates and for them, a special thank you for placing your trust in us. We will continue to deliver products and services that suit your changing needs for savings, income and protection.

Yours sincerely,

Tan Sri Azman Hashim
Chairman
AmLife Insurance Berhad

"The awards that we garnered reflect the commitment of the employees towards the company and customers. The strength of the commitment helps to propel the company to its vision of becoming the top insurer preferred for service and standout from the competitors."



1. Service Provider of The Year at the Business of The Year Award
2. Emerging Life Insurance Company of The Year at the Business of The Year Award

Our Chairman

YBhg Tan Sri Azman Hashim
Chairman

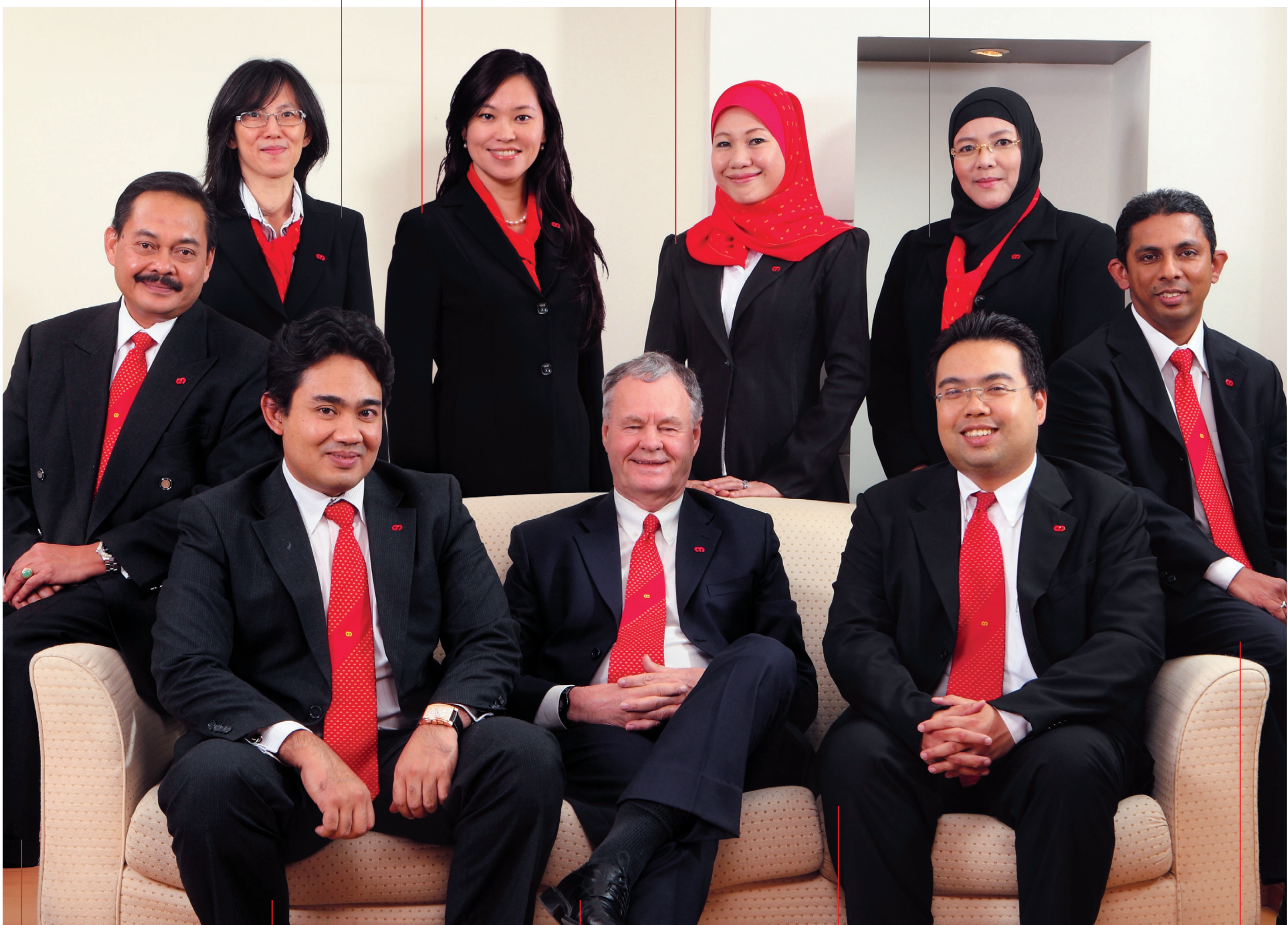
The Management Team

Lau Pick Kee
Head, Customer Operations

Philomena Jan
Chief Investment Officer

Zuraidah Yunos
Head, Human Resources

Kamariah Zainal
Head, Corporate Operations



Roslan Ahmad
Acting General Manager, Agency Sales

Tengku Fadzly Engku Muhammad Din
Chief Risk Officer

Adrian John Nurse
Deputy CEO

Patrick Cheah Gim Guan
Appointed Actuary

Firozdin Abdul Wahab
General Manager, Corporate and Bancassurance Sales

Corporate Social Responsibility

RESPONSIBILITY TOWARDS EMPLOYEES

To create a better work place environment, AmLife continued to offer greater benefits and privileges to all staff, who are the driving force behind the company's growth.

AmLife established a special division, called the "Staff Discount Insurance" (SDI), to focus on providing AmBank Group employees and their respective family members with exceptional life insurance value deals.

Separately, multiple training opportunities are being held in AmLife to ensure all staff remain well-equipped with relevant skills and knowledge to stay ahead in the competitive insurance market. In conjunction with this, AmLife and Open University Malaysia collaborated to provide the "Executive Master in Financial Planning" course with subsidised rates to AmLife staff and agency force.

This tie-up further strengthens our ongoing commitment to empower the agency force by striving to be at the forefront of professionalism and TCF.

RESPONSIBILITY TO THE COMMUNITY

Our AmFriends Cruiser team continued to function as a mobile disaster relief task force and helped the needy during disasters and calamities.

Some of the relief work undertaken in FY2011 include:

- Compassionate assistance to 75 fire victims from 12 families at Taman Maluri Cheras, Kuala Lumpur on 1 July 2010.
- On 9 September 2010, the AmFriends Cruiser team delivered essential items to fire victims from Kampung Selayang Baru, Selayang, Gombak, who lost their homes in a tragic fire.
- A four-day flood relief programme was carried out in November 2010 to provide immediate humanitarian aid to flood victims in Kedah and Perlis.

Corporate Social Responsibility

TREATING CUSTOMERS FAIRLY

The brand promise of "Service 1st. Our Promise." sums up the company's uncompromising drive to serve its customers well. AmLife is actively implementing a wide range of initiatives to embrace the "Treating Customers Fairly" (TCF) framework as part of the organisation's embedded corporate culture.

The importance of TCF was cascaded to all levels of AmLife staff and every employee is held accountable and responsible towards ensuring that all tasks performed are TCF compliant, guided by the 6 key principles of TCF or better known through the internally developed acronym "SAFENA" which stands for:

S – Superior service
Consumers do not face unreasonable post-sale barriers imposed by firms to change product, switch provider, submit a claim or make a complaint.

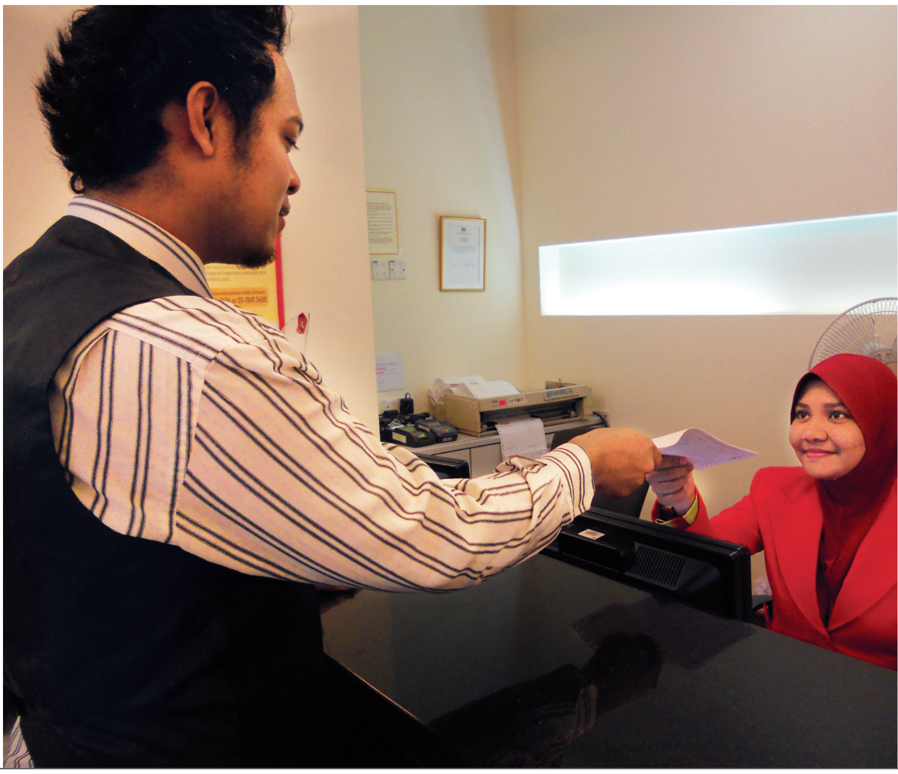
A – Advice for all
Where customers receive advice, the advice is suitable and takes account of their circumstances.

F – Fair treatment of customers
Consumers can be confident that they are dealing with firms where the fair treatment of customers is central to the corporate culture.

E – Exceeding expectations
Consumers are provided with products that perform as forms have led them to expect, and the associated service is both of an acceptable standard and as they have been led to expect.

N – Needs based sales
Products and services are designed to meet the needs of identified consumer groups, and are targeted accordingly.

A – Approachable and caring
Consumers are provided with clear information and are kept appropriately information before, during and after point of sale.



Corporate Calendar

22nd Annual Awards Presentation 2010

26 June 2010
AmLife witnessed the celebration of 117 Million Dollar Round Table (MDRT) qualifiers, with eight members achieving Court of Table (COT) and one Top of Table (TOT) status at its 22nd Annual Awards Presentation held at One World Hotel, Petaling Jaya.

In conjunction with the annual awards, AmLife and Institute of Professional Development, Open University of Malaysia jointly launched the Executive Master Course in Financial Planning, encouraging all AmLife agents to enhance their financial knowledge and expand their business further.

'What Women Want' Campaign Leads Ladies to Path of Success

23 July 2010 – 23 October 2010
The 'What Women Want' campaign made a strong come back in July 2010 after the overwhelming response received last year. The second season of the women-focused recruitment drive had an impressive turnout at 12 venues nationwide, with the first event rolled out at The Summit Hotel, Subang USJ on 23 July 2010 and came to a close on 23 October 2010 at Ipoh.

Staff Gathering

2 August 2010
A staff gathering was held at the AmAssurance headquarters to reward outstanding employees from various departments through the "Most Star Quality Staff Award" presentation besides providing a platform for AmLife staff to establish a closer bond with each other.

AmLife Partners IHM for Medical Business

5 October 2010
AmLife appointed Integrated Healthcare Management Sdn Bhd (IHM) as the first corporate agent to market its medical policies, aiming to further increase the penetration rate of AmLife's medical policies and extend the benefits of our medical coverage to a wider audience via IHM's distribution network.

AmLife Supports Insurance Industry's Blood Donation Campaign

16 October 2010
In support of the industry-wide blood donation campaign, themed "Donate Blood – Your Gift of Life" driven by LIAM, PIAM and NAMLIFA, AmLife's Kuala Terengganu branch once again organised the annual event at Terengganu. The blood donation campaign at Giant hypermarket witnessed active participation from adults as well as kids - AmLife also organised a 'Kids Fashion Show' which helped attract a large group of children to participate in the meaningful campaign.

Project MDC Grooms Tomorrow's Leaders

14 January 2011 – 24 February 2011
The nationwide road show for Project 1000 MDC which aims to transform 1,000 selected rookies to be amongst an elite group of agency force kicked-off on 14 January 2011 at Kuching, Sarawak and ended at Sungai Petani, Kedah on 24 February 2011.

AmLife and Malaysia Building Society Berhad form Bancassurance distribution partnership

March 2011
AmLife formalised a strategic bancassurance distribution partnership with Malaysia Building Society Berhad (MBSB), as the company's first non-bank based distribution channel at Hilton Hotel, Kuala Lumpur.

AmLIFE INSURANCE BERHAD

Company Number 15743-P
Incorporated in Malaysia

Financial Statements 2011

Expressed In Ringgit Malaysia
For The Year Ended 31 March 2011

Directors' Report

The directors have pleasure in presenting their report together with the audited financial statements of **AmLife Insurance Berhad** for the financial year ended 31 March 2011.

PRINCIPAL ACTIVITIES

The principal activities of the Company are the underwriting of life and investment-linked insurance business.

There have been no significant changes in the nature of the principal activities of the Company during the financial year.

RESULTS

	RM'000
Net profit for the year	55,501

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

In the opinion of the directors, the results of operations of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

The amounts of dividends paid by the Company since 31 March 2010 were as follows:

	RM'000
In respect of the financial year ended 31 March 2010 as reported in the directors' report of that year:	
(i) Final dividend of 36% less 25% tax on 100,000,000 ordinary shares paid on 27 July 2010.	27,000
(ii) Special dividend of 2.08% less 25% tax amounting to RM1,560,000 in respect of the profit after tax recorded in respect of the general insurance business of the Company for the period of 1 April 2008 to 30 November 2008 (8 months) prior to the transfer of general business to AmG Insurance Berhad beginning from 1 December 2008 on 28 February 2011.	1,560
	28,560

The Directors do not recommend the payment of any final dividend in respect of the current financial year.

DIRECTORS

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

Tan Sri Azman Hashim (Chairman)	(Non-independent, non-executive director)
Datuk Lakshmanan Meyyappan	(Independent, non-executive director)
Mr Leung Hoong Kuan @ Leong Thong Kuan	(Independent, non-executive director)
Mr Rocco Sepe	(Non-independent, non-executive director)
Mr Richard Duxbury	(Non-independent, non-executive director)
Mr Cheah Tek Kuang	(Non-independent, non-executive director)
Dato' James Lim Cheng Poh	(Non-independent, non-executive director)
Mr Cho Horng Fatt (Appointed w.e.f. 15/7/10)	(Independent, non-executive director)
Mr Chin Yuen Yin (Appointed w.e.f. 1/11/10)	(Independent, non-executive director)
Dato' Zainal Azmi Zainal Ariffin (Ceased w.e.f. 27/7/10)	(Independent, non-executive director)
Datuk Mohamed Azmi Mahmood (Resigned w.e.f. 1/7/10)	(Non-independent, non-executive director)

In accordance with Article 94 of the Company's Articles of Association, Mr Rocco Sepe and Mr Richard Duxbury retire, and being eligible, offer themselves for re-election.

Pursuant to Section 129 of the Companies Act, 1965, Tan Sri Azman Hashim and Mr Leung Hoong Kuan @ Leong Thong Kuan retire at the forthcoming Annual General Meeting ("AGM") and offer themselves for re-appointment to hold office until the next AGM of the Company.

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangements, 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 those arising from the scheme shares and options granted pursuant to the Executives' Share Scheme of AMMB Holdings Berhad, 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 or the fixed salary of a full-time employee of the Company as shown in Note 27 and Note 34(b) to the 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, except for the related party transactions as shown in Note 34(a) to the financial statements.

DIRECTORS' INTERESTS

The interests in shares and options in the ultimate holding company, of those who were directors at the end of the financial year as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies' Act, 1965 are as follows: -

Direct Interest:

In the ultimate holding company, AMMB Holdings Berhad ("AMMB")

	Number of ordinary shares of RM1.00 each ("shares")			
Shares	**Balance as at 1.4.2010**	**Bought**	**Sold**	**Balance as at 31.3.2011**
Mr Cheah Tek Kuang	78,800	-	-	78,800

	Number of shares pursuant to AMMB's Executives Share Scheme			
Scheme shares*	**Balance as at 1.4.2010**	**Granted**	**Vested**	**Balance as at 31.3.2011**
Mr Cheah Tek Kuang	110,000	192,200	-	302,200
Dato' James Lim Cheng Poh	65,100	90,000	-	155,100

	Number of shares pursuant to AMMB's Executives Share Scheme			
Options*	**Balance as at 1.4.2010**	**Granted**	**Vested**	**Balance as at 31.3.2011**
Mr Cheah Tek Kuang	672,400	227,300	-	899,700
Dato' James Lim Cheng Poh	398,800	127,300	-	526,100

* The vesting of the Scheme Shares and/or the entitlement to exercise the Options are conditional upon the satisfaction of the service condition and the performance targets of AMMB Group, and all other conditions as set out in the By-Laws of AMMB Executives' Share Scheme.

Deemed Interest:

In the ultimate holding company, AMMB Holdings Berhad ("AMMB")

		Number of shares			
	Name of Company	**Balance as at 1.4.2010**	**Bought**	**Sold**	**Balance as at 31.3.2011**
Tan Sri Azman Hashim	AmCorp Group Berhad	503,853,918	1,926,636	-	505,780,554

By virtue of Tan Sri Azman Hashim's shareholding in the ultimate holding company, AMMB Holdings Berhad, through his interest in the corporate shareholder, AmCorp Group Berhad, he is deemed to have interests in the shares of the Company and its related corporations, to the extent the ultimate holding company has an interest.

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

CORPORATE GOVERNANCE

The Company has complied with the prescriptive requirements of, and adopted management practices that are consistent with the principles prescribed under Bank Negara Malaysia's ("BNM") BNM/RH/GL/003-2 on "Prudential Framework of Corporate Governance For Insurers".

Board Responsibilities

The Board of Directors ("the Board") remains fully committed in ensuring that the principles and best practices in corporate governance are observed in the Company. The Board supervises the management of the company in business policies and affairs with the goal of enhancing shareholders' value.

The Board meets monthly to carry out its duties and responsibilities, with additional Board meetings being convened, whenever required.

The Board addresses key matters concerning strategy, finance, organisation structure, business development, human resource and establishes guidelines for overall business, risk and control policies, capital allocation as well as approves all key business developments.

Board Activities

The Board currently comprises nine (9) directors with wide-ranging skills and experience. The Board is represented by five (5) non-independent, non-executive directors and four (4) independent, non-executive directors of calibre, and with necessary skills and diverse corporate experience to ensure that strategies proposed by the management are fully discussed and examined, as well as to take into account the long term interests of various stakeholders. During the year, the Board met ten (10) times.

All directors review Board reports prior to the Board meetings. The reports are issued with sufficient time to enable the directors to obtain further explanations, where necessary, before the meetings.

In addition, the Board decides on matters reserved specifically for its decision, including the approval of corporate plans and budgets, acquisitions and disposals of assets that are material to the Company, major investments, changes to the management and control structure of the Company, including key policies, procedures and authority limits.

The Board has also adopted a policy for induction and education of directors. The program is to provide essential and comprehensive information to a new director in order for him to be familiar with relevant insurance industry regulatory requirements and the Company's nature of business. The directors may also request independent professional advice, at the Company's expense. The Company Secretary, to whom the directors have independent access, assists the Board and keeps it appraised of relevant laws and regulations.

Membership and Board Meetings for the Financial Year Ended 31 March 2011

Members	Number of Meetings (Attended/Held)
Tan Sri Azman Hashim (Chairman)	10/10
Datuk Lakshmanan Meyyappan	10/10
Mr Leung Hoong Kuan @ Leong Thong Kuan	10/10
Mr Rocco Sepe	9/10
Mr Richard Duxbury	10/10
Mr Cheah Tek Kuang	8/10
Dato' James Lim Cheng Poh	9/10
Mr Cho Horng Fatt (Appointed w.e.f. 15/7/10)	7/7
Mr Chin Yuen Yin (Appointed w.e.f. 1/11/10)	4/4
Dato' Zainal Azmi Zainal Ariffin (Ceased w.e.f. 27/7/10)	3/3
Datuk Mohamed Azmi Mahmood (Resigned w.e.f. 1/7/10)	2/3

Board Committees

The Board delegates certain responsibilities to Board Committees. The Committees which were set up to assist the Board in certain areas of deliberation are the:

(1) Nomination Committee ("NC")
(2) Remuneration Committee ("RC")
(3) Risk Management Committee ("RMC")
(4) Audit & Examination Committee ("AEC")
(5) Investment Committee ("IC")

Nomination Committee

The Committee currently comprises three (3) independent, non-executive directors and three (3) non-independent, non-executive directors of the Board with mixed skills, experience and competencies for the effectiveness of the committee.

The functions of the Committee are to:

(a) recommend and assess the nominees for new appointments of directors, the various Board Committees' membership as well as the nominees for the Chief Executive Officer ("CEO") position including assessing the directors and CEO proposed for reappointment, before an application for approval is submitted to BNM;

(b) establish minimum requirements for the Board and the CEO to perform their responsibilities effectively and review the overall composition of the Board in terms of appropriate size, structure, mix of skills and experience and other qualities and competencies, besides the balance between executive, non-executive and independent directors;

(c) establish a mechanism for formal assessment of the effectiveness of the Board, the contribution of the Board's various Committees and the performance of the CEO; and

(d) review the composition of the Board and Committees of the Board during the financial year and ensure that the recommendations have been implemented by the Board during the financial year.

Membership and Meetings of the Nomination Committee for the Financial Year Ended 31 March 2011

Members	Number of Meetings (Attended/Held)
Datuk Lakshmanan Meyyappan (Chairman)	3/3
Mr Leung Hoong Kuan @ Leong Thong Kuan	3/3
Mr Richard Duxbury	3/3
Mr Cheah Tek Kuang	3/3
Dato' James Lim Cheng Poh (Appointed as member w.e.f 28/10/10)	1/1
Mr Cho Horng Fatt (Appointed w.e.f 15/7/10)	3/3
Dato' Zainal Azmi Zainal Ariffin (Ceased w.e.f 27/7/10)	-
Datuk Mohamed Azmi Mahmood (Resigned w.e.f 1/7/10)	-

Remuneration Committee

The Committee currently comprises three (3) independent, non-executive directors and three (3) non-independent, non-executive directors.

The functions of the Committee are to:

(a) determine and recommend to the Board the framework or broad policy for the remuneration of the directors, CEO, senior management and other members of the staff. The remuneration policy:
   (i) is documented and approved by the full Board and any changes thereto are subjected to the endorsement of the full Board;
   (ii) reflects the experience and level of responsibility borne by individual directors, the CEO and senior management;
   (iii) is sufficient to attract and retain directors, CEO and senior management of calibre needed to manage the Company successfully; and
   (iv) is balanced against the need to ensure that the funds of the Company are not used to subsidise excessive remuneration packages.

(b) recommend specific remuneration packages for directors, CEO and senior management. The remuneration packages:
   (i) are based on an objective consideration and approval by the full Board;
   (ii) take due consideration of the assessments of the Nomination Committee of the effectiveness and contribution of the directors and CEO;
   (iii) are not decided by the exercise of sole discretion of any individual or restricted group of individuals; and
   (iv) are competitive and consistent with the Company's culture, objective and strategies.

(c) ensure the remuneration packages for directors are linked to their levels of responsibilities undertaken and contributions to the effective functioning of the Board.

Membership and Meetings of the Remuneration Committee for the Financial Year Ended 31 March 2011

Members	Number of Meetings (Attended/Held)
Mr Leung Hoong Kuan @ Leong Thong Kuan (Chairman)	2/2
Datuk Lakshmanan Meyyappan	2/2
Mr Richard Duxbury	2/2
Mr Cheah Tek Kuang	1/2
Dato' James Lim Cheng Poh	2/2
Mr Cho Horng Fatt (Appointed w.e.f 15/7/10)	1/1
Dato' Zainal Azmi Zainal Ariffin (Ceased w.e.f 27/7/10)	1/1
Datuk Mohamed Azmi Mahmood (Resigned w.e.f 1/7/10)	1/1

Risk Management Committee

The Committee currently comprises four (4) independent, non-executive directors and two (2) non-independent, non-executive directors. The primary objective of the Risk Management Committee is to oversee senior management's activities in managing the key risk areas of the Company and to determine that the risk management process is in place and functioning effectively.

The functions of the Committee are:

(a) reviewing and recommending Risk Management strategies, policies and risk tolerance for the board's approval;

(b) reviewing and assessing the adequacy of Risk Management policies and framework for identifying, measuring, monitoring and controlling risks as well as the extent to which these are operating effectively;

(c) ensuring that adequate infrastructure, resources and systems are in place for an effective Risk Management i.e. ensuring that the staff responsible for implementing Risk Management systems perform those duties independently of the insurer's risk taking activities; and

(d) reviewing the management's periodic reports on risk exposure, risk portfolio composition and risk management activities.

Membership and Meetings of the Risk Management Committee for the Financial Year Ended 31 March 2011

Members	Number of Meetings (Attended/Held)
Datuk Lakshmanan Meyyappan (Chairman)	10/10
Mr Leung Hoong Kuan @ Leong Thong Kuan	10/10
Mr Richard Duxbury	10/10
Dato' James Lim Cheng Poh	9/10
Mr Cho Horng Fatt (Appointed w.e.f 15/7/10)	7/7
Mr Chin Yuen Yin (Appointed w.e.f 1/11/10)	3/4
Dato' Zainal Azmi Zainal Ariffin (Ceased w.e.f 27/7/10)	3/3
Datuk Mohamed Azmi Mahmood (Resigned w.e.f 1/7/10)	2/3

Audit and Examination Committee

The Board has appointed the Audit and Examination Committee ("AEC") to assist in discharging its duties of maintaining a sound system of internal control to safeguard the company's assets and shareholders' investments. The Committee currently comprises four (4) independent, non-executive directors and one (1) non-independent, non-executive director.

The primary objective of the AEC is to provide assistance to and review and report to the Board in relation to:

(i) fulfilling the statutory and fiduciary responsibilities of the Board; and

(ii) monitoring of the accounting and financial reporting practices of the Company.

The AEC also determines that the Company has adequate established policies, procedures and guidelines as well as operating and internal controls, and that they are being complied with and are operating effectively in promoting efficiency and proper conduct including protection of the assets of the Company.

Membership and Meetings of the Audit and Examination Committee for the Financial Year Ended 31 March 2011

Members	Number of Meetings (Attended/Held)
Mr Leung Hoong Kuan @ Leong Thong Kuan	6/6
Datuk Lakshmanan Meyyappan	6/6
Mr Richard Duxbury	6/6
Mr Cho Horng Fatt (Appointed as Chairman and member w.e.f. 15/7/10)	5/5
Mr Chin Yuen Yin (Appointed w.e.f 1/11/10)	3/3
Dato' Zainal Azmi Zainal Ariffin (Ceased w.e.f 27/7/10)	1/1

Investment Committee

The Committee currently comprises one (1) independent, non-executive director and two (2) non-independent, non-executive directors. The primary objective of the Investment Committee is to oversee Investment Management's activities in managing the investment funds of the insurer and that the risk management and compliance process are effective.

The functions of the Committee are:

(a) reviewing the investment performances of the investment portfolio by the internal investment department and external fund managers;
(b) reviewing and recommending investment strategies within approved risk levels for the Committee's approval;
(c) presenting the investment outlook and strategies with regards to the various asset classes of all funds under management; and
(d) reviewing the risk management activities and the portfolio risk exposures.

Membership and Meetings of the Investment Committee for the Financial Year Ended 31 March 2011

Members	Number of Meetings (Attended/Held)
Dato' James Lim Cheng Poh (Chairman)	9/10
Datuk Lakshmanan Meyyappan	10/10
Mr Richard Duxbury	10/10
Datuk Mohamed Azmi Mahmood (Resigned w.e.f 1/7/10)	2/3

OTHER STATUTORY INFORMATION

(a) Before the balance sheet 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 the 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 that have arisen 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) At the date of this report, there does not exist:

(i) 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:

(i) 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
(ii) 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) above, 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 balance sheet 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 for insurers issued by Bank Negara Malaysia.

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.

TAN SRI AZMAN HASHIM **CHO HORNG FATT**

Kuala Lumpur, Malaysia
Date: 26 May 2011

Statement by Directors

Pursuant To Section 169(15) Of The Companies Act, 1965

We, Tan Sri Azman Hashim and Cho Horng Fatt, being two of the directors of AmLife Insurance Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 19 to 74 are drawn up in accordance with the Companies Act, 1965 and Financial Reporting Standards in Malaysia, as modified by Bank Negara Malaysia so as to give a true and fair view of the financial position of the Company as at 31 March 2011 and of the results and the cash flows of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors.

TAN SRI AZMAN HASHIM

CHO HORNG FATT

Kuala Lumpur, Malaysia
Date: 26 May 2011

Statutory Declaration

Pursuant To Section 169(16) Of The Companies Act, 1965

I, Patrick Cheah Gim Guan, being the officer primarily responsible for the financial management of AmLife Insurance Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 19 to 74 are in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed **PATRICK CHEAH GIM GUAN** at
Kuala Lumpur in Wilayah Persekutuan
on 26 May 2011

PATRICK CHEAH GIM GUAN

Before me,

PESURUHJAYA SUMPAH
No: W 480
R. VASUGI AMMAL, PJK
MALAYSIA

Commissioner for Oaths

No: 72, Tkt. 3,
Jalan Mega Mendung,
Bandar Kompleks,
58200 Kuala Lumpur.

Independent Auditors' Report to the Members of AmLife Insurance Berhad
(Incorporated in Malaysia)

Report on the financial statements

We have audited the financial statements of **AmLife Insurance Berhad**, which comprise the balance sheet as at 31 March 2011, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 19 to 74.

Directors' responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards, as modified by Bank Negara Malaysia and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 March 2011 and of its financial performance and cash flows for the year then ended.

Reporting on other legal and regulatory requirements

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

Other matters

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

ERNST & YOUNG
AF: 0039
Chartered Accountants

Kuala Lumpur, Malaysia
Date: 26 May 2011

ABDUL RAUF BIN RASHID
No. 2305/05/12(J)
Chartered Accountant

Balance Sheet

AS AT 31 MARCH 2011

	Note	2011 RM'000	2010 RM'000 (Restated)	1.4.2009 RM'000 (Restated)
ASSETS				
Property and equipment	4	35,349	34,957	30,439
Investment in subsidiary	5	-	6,000	6,000
Investment properties	6	91,545	84,193	84,193
Intangible assets	7	38,404	24,055	20,904
Investments	8	2,562,347	2,319,730	1,887,670
Reinsurance assets	9	82,027	27,934	16,411
Insurance receivables	10	42,607	29,742	38,615
Other receivables	11	77,431	56,193	26,996
Cash and bank balances		11,412	9,627	8,504
TOTAL ASSETS		2,941,122	2,592,431	2,119,732
EQUITY, POLICYHOLDERS' FUNDS AND LIABILITIES				
Share capital	12	100,000	100,000	100,000
Retained profits	13	95,773	68,832	29,708
Reserves	13	2,212	1,419	317
Total Equity		197,985	170,251	130,025
Insurance contract liabilities	15	2,556,175	2,238,073	1,831,280
Deferred tax liabilities	16	5,983	3,211	560
Insurance payables	17	32,499	15,636	33,267
Amount due to subsidiary	5	-	6,000	7,565
Subordinated term loan	18	-	30,000	30,000
Tax payable		11,704	5,731	4,656
Other payables	19	136,776	123,529	82,379
Total Liabilities		2,743,137	2,422,180	1,989,707
TOTAL EQUITY, POLICYHOLDERS' FUNDS AND LIABILITIES		**2,941,122**	**2,592,431**	**2,119,732**

The Balance Sheet of the Company presented by funds is disclosed in Note 39

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

Income Statement

FOR THE YEAR ENDED 31 MARCH 2011

	Note	2011 RM'000	2010 RM'000
Operating revenue	20	663,170	691,070
Gross premiums	21 (a)	540,717	583,349
Premiums ceded to reinsurers	21 (b)	(38,920)	(35,791)
Net premiums		501,797	547,558
Investment income	22	122,453	107,721
Realised gains and losses	23	25,620	13,994
Fair value gains and losses	24	7,107	24,174
Fee income	25	5,255	433
Other operating income/(expenses)		(531)	(9,902)
Other revenue		159,904	136,420
Gross benefits and claims	26 (a)	(182,618)	(153,351)
Claims ceded to reinsurers	26 (b)	25,549	23,421
Gross change to contract liabilities	26 (c)	(267,063)	(300,500)
Change in contract liabilities ceded to reinsurers	26 (d)	42,529	5,350
		(381,603)	(425,080)
Fee and commission expenses		(116,744)	(139,807)
Management expenses	27	(75,262)	(69,736)
Other expenses		(192,006)	(209,543)
Profit from operations		88,092	49,355
Finance Costs	28	(378)	(1,579)
Profit before taxation		87,714	47,776
Taxation	29	(32,213)	(8,652)
Net Profit for the year		**55,501**	**39,124**
Earnings per share-basic (sen)	30	55.5	39.1

The Income Statement of the Company presented by funds is disclosed in Note 39

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

Statement of Comprehensive Income

FOR THE YEAR ENDED 31 MARCH 2011

	2010 RM'000	1.4.2009 RM'000
Net profit for the year	55,501	39,124
Other comprehensive income/(loss):		
Available-for-sale fair value reserves		
Net (loss)/gain arising during the year	(4,316)	1,589
Net realised gain/(loss) transferred to Income Statement	5,737	(119)
	1,421	1,470
Tax effects thereon	(355)	(368)
	1,066	1,102
Total comprehensive income for the year	**56,567**	**40,226**

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

Statement of Changes in Equity

FOR THE YEAR ENDED 31 MARCH 2011

	Non-Distributable		Distributable	
	Share Capital RM'000	Available-for-sale Fair Value Reserves RM'000	Retained Profits RM'000	Total RM'000
At 1 April 2009	100,000	317	29,708	130,025
Total comprehensive income for the year	-	1,102	39,124	40,226
At 31 March 2010	**100,000**	**1,419**	**68,832**	**170,251**
At 1 April 2010 (as previously stated)	100,000	1,419	68,832	170,251
Effect of adoption of FRS 139:				
- Fair value changes on AFS Investments (Note 2.4)	-	(364)	-	(364)
- Deferred Taxation on fair value changes (Note 2.4)	-	91	-	91
At 1 April 2010 (as restated)	100,000	1,146	68,832	169,978
Dividend (Note 14)	-	-	(28,560)	(28,560)
Total comprehensive income for the year	-	1,066	55,501	56,567
At 31 March 2011	**100,000**	**2,212**	**95,773**	**197,985**

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

Cash Flow Statement

FOR THE YEAR ENDED 31 MARCH 2011

	Note	2011 RM'000	2010 RM'000
OPERATING ACTIVITIES			
Cash used from operating activities	31	(15,758)	(82,931)
Interest received		105,976	91,155
Dividend received		5,748	5,997
Rental received		6,130	5,767
Tax refund		-	4,435
Income tax paid		(23,556)	(9,762)
Interest paid		(1,605)	(1,500)
Net cash flows from operating activities		76,934	13,161
INVESTING ACTIVITIES			
Proceeds from disposal of property and equipment		27	97
Proceeds from disposal of subsidiary		6,000	-
Purchase of investment properties		(750)	-
Purchase of property and equipment		(4,643)	(7,609)
Purchase of intangible assets		(17,223)	(4,526)
Net cash flows from investing activities		(16,589)	(12,038)
FINANCING ACTIVITIES			
Repayment of subordinated term loans		(30,000)	-
Dividend paid		(28,560)	-
Net cash flows from financing activities		(58,560)	-
Net increase in cash and cash equivalents		1,785	1,123
Cash and cash equivalents at beginning of year		9,627	8,504
Cash and cash equivalents at end of year		**11,412**	**9,627**
Cash and cash equivalents comprise:			
Cash and bank balances		11,412	9,627

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

Notes to the Financial Statements

AS AT 31 MARCH 2011

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The principal place of business of the Company is located at 9th Floor, Bangunan AmAssurance, No.1 Jalan Lumut, 50400 Kuala Lumpur.

The immediate holding company is AMAB Holdings Sdn. Bhd, a company incorporated in Malaysia and its ultimate holding company is AMMB Holdings Berhad a public listed company incorporated in Malaysia, and produces financial statements available for public use.

The principal activities of the Company are the underwriting of life and investment-linked insurance. Other than as stated above, there have been no significant changes in the nature of the principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 26 May 2011.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements comply with the Financial Reporting Standards ("FRS") in Malaysia as modified by Bank Negara Malaysia ("BNM") and the provisions of the Companies Act, 1965, the Insurance Act, 1996 and Guidelines/Circulars issued by BNM.

At the beginning of the current financial year, the Company had fully adopted the new and revised FRSs, Issues Committee ("IC") Interpretations and amendments to FRSs in Malaysia which are mandatory for the financial periods beginning on or after 1 January 2010. The significant accounting policies adopted are consistent with those applied for the previous financial year, unless otherwise stated in Note 2.4.

The Company has met the minimum capital requirements as prescribed by the Risk-based capital ("RBC") framework as at the balance sheet date.

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. Income and expense will not be offset in the Income Statement unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Company.

The financial statements are presented in Ringgit Malaysia ("RM") which is also the Company's functional currency and all values are rounded to the nearest thousand (RM'000) except where otherwise indicated.

2.2 Summary of Significant Accounting Policies

(a) Property and Equipment

All items of property and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Subsequent to recognition, property and equipment except for freehold land are stated at cost less accumulated depreciation and any accumulated impairment losses.

The policy for the recognition and measurement of impairment losses is in accordance with Note 2.2(e).

Computer equipment under installation is not depreciated and is stated at cost, until such time when such assets are completed and are ready for active use. Depreciation of property and equipment is provided on a straight-line basis, calculated to write-off the cost of each asset to its residual value over its estimated useful life at the following annual rates:

Buildings-owner occupied properties	2%
Motor vehicles	20%
Office and computer equipment	15% - 20%
Furniture, fittings and renovation	10% - 20%

The residual values, useful lives and depreciation methods are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property and equipment.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in the income statement.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Investment in Subsidiary

A subsidiary is a company in which the Company has power to exercise control over the financial and operating policies so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company has such power over another entity.

Investment in subsidiary is stated at cost less impairment losses, if any. On disposal of such investment, the difference between net disposal proceeds and the carrying amount is included in income statement.

The financial statements of the subsidiary are not consolidated with the financial statements of the Company for the reasons stated in Note 5.

(c) Investment Properties

Investment properties are initially stated at cost including related and incidental expenditure incurred. Subsequent to initial recognition, investment properties are stated at fair value. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued.

Gains or losses arising from changes in the fair values of investment properties are recognised in the income statement in the year in which they arise.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Company holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

Investment properties are derecognised when either they have been disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year in which they arise.

(d) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Subsequent to initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.2(e).

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. The amortisation expense on intangible assets with finite lives is recognised in the income statement.

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring the specific software to use. These software are amortised over their estimated useful lives of ten years.

Costs associated with maintaining computer software programmes are recognised as an expense when incurred. Costs that are directly associated with identifiable and unique software products controlled by the Company, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets.

(e) Impairment of Non-Financial Assets

The carrying amounts of assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs to.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing its value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

An impairment loss is recognised in income statement in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for the same asset.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in income statement, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

(f) Investments and Other Financial Assets

The Company classifies its investments into financial assets at fair value through profit or loss ("FVTPL"), held-to-maturity financial assets ("HTM"), loans and other receivables ("LAR") and available-for-sale financial assets ("AFS").

The classification depends on the purpose for which the investments were acquired or originated. Management determines the classification of its investments at initial recognition and re-evaluates this at every reporting date.

Financial assets are classified as at fair value through profit or loss where the Company's documented investment strategy is to manage financial assets on a fair value basis, because the related liabilities are also managed on this basis. The available-for-sale and held-to-maturity categories are used when the relevant liability (including shareholders' funds) are passively managed and/or carried at amortized cost.

All regular way purchases and sales of financial assets are recognized on the trade date which is the date that the Company commits to purchase or sell the asset. Regular way purchases or sales of financial assets require delivery of assets within the period generally established by regulation or convention in the market place.

FVTPL
Financial assets at FVTPL include financial assets held for trading and those designated as at fair value through profit or loss at inception. Investments typically bought with the intention to sell in the near future are classified as held-for-trading. For investments to be designated as at fair value through profit or loss, the following criteria must be met:

(i) The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognizing gains or losses on a different basis, or

(ii) The assets and liabilities are part of a group of financial assets, financial liabilities or both which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

These investments are initially recorded at fair value. Subsequent to initial recognition, these investments are remeasured at fair value. Fair value adjustments and realized gains and losses are recognised in income statement.

HTM
Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as HTM when the Company has the positive intention and ability to hold until maturity. These investments are initially recognised at cost, being the fair value of the consideration paid for the acquisition of the investment. After initial measurement, HTM financial assets are measured at amortized cost, using the effective yield method, less provision for impairment. Gains and losses are recognized in income statement when the investments are derecognised or impaired, as well as through the amortization process.

LAR
LAR are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These investments are initially recognised at cost, being the fair value of the consideration paid for the acquisition of the investment. All transaction costs directly attributable to the acquisition are also included in the cost of the investment. After initial measurement, loans and receivables are measured at amortized cost, using the effective yield method, less provision for impairment. Gains and losses are recognised in income statement when the investments are derecognised or impaired, as well as through the amortization process.

AFS
AFS are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories. These investments are initially recorded at fair value. After initial measurement, AFS are remeasured at fair value.

Fair value gains and losses of monetary and non-monetary securities are reported as a separate component of equity until the investment is derecognized or investment is determined to be impaired. Fair value gains and losses of monetary securities denominated in a foreign currency are analyzed between translation differences resulting from changes in amortized cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognized in income statement while, translation differences on non-monetary securities are reported as a separate component of equity until the investment is derecognized.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

On derecognition or impairment, the cumulative fair value gains and losses previously reported in equity is transferred to income statement.

(g) Fair Value of Financial Instruments

The fair value of financial instruments that are actively traded in organised financial markets is determined by reference to quoted market bid prices for assets and offer prices for liabilities, at the close of business on the balance sheet date.

For investments in quoted unit and real estate investment trusts, fair value is determined by reference to published net assets value.

The fair value of unquoted corporate bonds are derived by reference to prices provided by Bondweb Pricing Services. Foreign unit trust is measured based on the bid price obtained from licensed financial institutions. The fair value of Negotiable Instruments of Deposit ("NID") is derived based on broker quotes, whereas the fair value of fixed interest/yield-bearing deposits is the principal itself.

If the fair value cannot be measured reliably, these financial instruments are measured at cost, being the fair value of the consideration paid for the acquisition of the instrument or the amount received on issuing the financial liability. All transaction costs directly attributable to the acquisition are also included in the cost of the investment.

(h) Impairment of Financial Instruments

The Company assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

Assets Carried at Amortised Cost
If there is objective evidence that an impairment loss on assets carried at amortised cost has been incurred, the amount of the impairment loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at asset's effective interest rate yield. The carrying amount of the asset is reduced and the loss is recorded in income statement.

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment. The impairment assessment is performed at each balance sheet date.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in income statement, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

AFS Investments
If an AFS financial asset is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in other comprehensive income, is transferred from other comprehensive income to income statement. Reversals in respect of equity instruments classified as AFS are not recognised in income statement. Reversals of impairment losses on debt instruments classified as AFS are reversed through income statement if the increase in the fair value of the instruments can be objectively related to an event occurring after the impairment losses were recognised in income statement.

(i) Derecognition of Financial Assets

Financial assets are derecognised when the rights to receive cash flows from them have expired or where they have been transferred and the Company has also transferred substantially all risks and rewards of ownership.

(j) Equity Instruments

Ordinary Share Capital
Ordinary shares issued by the Company are classified as equity. Incremental external costs that are directly attributable to the issue of these shares are recognised in equity, net of tax.

Dividends on Ordinary Share Capital
Dividends on ordinary shares are recognised and accounted for in the statement of changes in equity in the period in which they are declared.

(k) Product Classification

The Company issues contracts that transfer insurance risk or financial risk or both.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial risk is the risk of a possible future change in one or more of a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of price or rate, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Insurance risk is the risk other than financial risk.

Insurance contracts are those contracts that transfer significant insurance risk. An insurance contract is a contract under which the Company (the insurer) has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. As a general guideline, the Company determines whether it has significant insurance risk, by comparing benefits paid with benefits payable if the insured event did not occur.

Investment contracts are those contracts that do not transfer significant insurance risk.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its life-time, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expired. Investment contracts can, however, be reclassified as insurance contracts after inception if insurance risk becomes significant.

Insurance and investment contracts are further classified as being either with or without discretionary participation features ("DPF"). DPF is a contractual right to receive, as a supplement to guaranteed benefits, additional benefits that are:

- likely to be a significant portion of the total contractual benefits;
- whose amount or timing is contractually at the discretion of the issuer; and
- that are contractually based on the:
  - performance of a specified pool of contracts or a specified type of contract;
  - realised and/or unrealised investment returns on a specified pool of assets held by the issuer; or
  - the profit or loss of the Company, fund or other entity that issues the contract.

Under the terms of the contracts, surpluses in the DPF funds can be distributed to the policyholders and the shareholders respectively. The Company has the discretion over the amount and timing of the distribution of these surpluses to policyholders. All DPF liabilities, including unallocated surpluses, both guaranteed and discretionary, at the end of the reporting period are held within insurance or investment contract liabilities, as appropriate.

For financial options and guarantees which are not closely related to the host insurance contract and/or investment contract with DPF, bifurcation is required to measure these embedded derivatives separately at fair value through profit or loss. However, bifurcation and unbundling is not required if the embedded derivative is itself an insurance contract and/or investment contract with DPF, or if the host insurance contract and/or investment contract itself is measured at fair value through profit or loss.

For the purpose of product classification under FRS 4, the Company adopts maximum policy benefits as the proxy for insurance risk and cash surrender value as the proxy for realisable value of the insurance contract on surrender. The Company defines insurance risk to be significant when the ratio of the insurance risk over the deposit component is not less than 105% of the deposit component at any point of the insurance contract in force. Based on this definition, all policy contracts issued by the Company are considered insurance contracts as at the date of this balance sheet.

(l) Reinsurance

The Company cedes insurance risk in the normal course of business for all of its businesses. Reinsurance assets represent balances due from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsurer's policies and are in accordance with the related reinsurance contracts.

Ceded reinsurance arrangements do not relieve the Company from its obligations to policyholders. Premiums and claims are presented on a gross basis for both ceded and assumed reinsurance.

Reinsurance assets are reviewed for impairment at each reporting date or more frequently when an indication of impairment arises during the reporting period. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the Company may not receive all outstanding amounts due under the terms of the contract and the event has a reliably measurable impact on the amounts that the Company will receive from the reinsurer. The impairment loss is recorded in income statement.

Gain and loss on buying reinsurance (if any), will be recognised in profit or loss at the inception of the agreement.

The Company also assumes reinsurance risk in the normal course of business for life insurance contracts when applicable.

Premiums and claims on assumed reinsurance are recognised as revenue or expenses in the same manner as they would be if the reinsurance were considered direct business, taking into account the product classification of the reinsured business. Reinsurance liabilities represent balances due to reinsurance companies. Amounts payable are estimated in a manner consistent with the related reinsurance contract.

Reinsurance assets or liabilities are derecognised when the contractual rights are extinguished or expired or when the contract is transferred to another party.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Reinsurance contracts that do not transfer significant insurance risk are accounted for directly through the balance sheet. These are deposit assets or financial liabilities that are recognised based on the consideration paid or received less any explicit identified premiums or fees to be retained by the reinsured. Investment income on these contracts is accounted for using the effective yield method when accrued.

(m) Life Insurance Underwriting Results

The surplus transferable from the life fund to the income statement is based on the surplus determined by an annual actuarial valuation of the long-term liabilities to policyholders, made in accordance with the provisions of the Insurance Act, 1996 by the Company's appointed actuary.

Gross Premiums
Gross premiums are recognised as soon as the amount of the premiums can be reliably measured. First premium is recognised from inception date and subsequent premium is recognised when it is due. At the end of the financial period, all due premiums are accounted for to the extent that they can be reliably measured. Premiums not received on due dates are recognised as revenue in the profit and loss and reported as outstanding premiums in the balance sheet.

Reinsurance Premiums
Gross reinsurance premiums on ceded reinsurance are recognised as an expense when payable or on the date on which the policy is effective.

Creation of Units
Net creation of units which represents premium paid by policyholders as payment for a new contract or subsequent payments to increase the amount of that contract are reflected in the income statement of investment linked funds. Net creation of units is recognised on a receipt basis.

Benefits, Claims and Expenses
Benefits and claims that are incurred during the financial period are recognised when a claimable event occurs and/or the insurer is notified. Benefits and claims, including settlement costs, are accounted for using the case-by-case method and for this purpose, the amounts payable under a policy are recognised as follows:
- maturity and other policy benefit payments due on specified dates are treated as claims payable on the due dates;
- death, surrender and other benefits without due dates are treated as claims payable, on the date of receipt of intimation of death of the assured or occurrence of contingency covered; and
- bonus on participating policy upon its declaration.

Commission and Agency Expenses
Gross commission and agency expenses, which are costs directly incurred in securing premium on insurance policies, and income derived from reinsurers in the course of ceding of premiums to reinsurers, are charged to income statement in the period in which they are incurred.

(n) Insurance Receivables

Insurance receivables are recognised when due and measured on initial recognition at the fair value of the consideration received or receivable. Subsequent to initial recognition, insurance receivables are measured at amortised cost, using effective yield method.

If there is objective evidence that the insurance receivable is impaired, the Company reduces the carrying amount of the insurance receivable accordingly and recognises that impairment loss in income statement. The Company gathers the objective evidence that an insurance receivable is impaired using the same process adopted for financial assets carried at amortised cost. The impairment loss is calculated under the same method used for these financial assets. These processes are described in Note 2.2(h).

Insurance receivables are derecognised when the derecognition criteria for financial assets, as described in Note 2.2(i), have been met.

(o) Life Insurance Contract Liabilities

Life insurance liabilities are recognised when contracts are entered into and premiums are charged.

These liabilities are measured by using a prospective actuarial valuation method. The liability is determined as the sum of the present value of future guaranteed and, in the case of a participating life policy, appropriate level of non-guaranteed benefits, and the expected future management and distribution expenses, less the present value of future gross considerations arising from the policy discounted at the appropriate risk discount rate. The liability is based on best estimate assumptions and with due regard to significant recent experience. An appropriate allowance for provision of risk margin for adverse deviation from expected experience is made in the valuation of non-participating life policies, the guaranteed benefits liabilities of participating life policies, and non-unit liabilities of investment-linked policies.

The liability in respect of policies of a participating insurance contract is taken as the higher of the guaranteed benefit liabilities or the total benefit liabilities at the contract level derived as stated above.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

In the case of a life policy where a part of, or the whole of the premiums are accumulated in a fund, the accumulated amount, as declared to the policy owners, are set as the liabilities if the accumulated amount is higher than the figure as calculated using the prospective actuarial valuation method.

Where policies or extensions of a policy are collectively treated as an asset at the fund level under the valuation method adopted, the value of such asset is eliminated through zerorisation.

In the case of a life policy or a 1-year extension to a life policy covering contingencies other than death or survival, the liability for such life insurance contracts comprises the provision for unearned premiums and unexpired risks, as well as for claims outstanding, which includes an estimate of the incurred claims that have not yet been reported to the Company.

Adjustments to the liabilities at each reporting date are recorded in income statement. Profits originated from margins of adverse deviations on run-off contracts, are recognised in income statement over the life of the contract, whereas losses are fully recognised in income statement during the first year of run-off. The liability is derecognised when the contract expires, is discharged or is cancelled. At each reporting date, an assessment is made of whether the recognised life insurance liabilities are adequate, net of present value of in-force business ("PVIF") by using an existing liability adequacy test. Any deficiency is charged to the income statement.

(p) Other Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

Rental Income
Rental income from investment property is recognised on a straight-line basis over the term of the lease. The aggregate cost of incentives provided to lessees is recognised as a reduction of rental income over the lease term on a straight-line basis.

Interest Income
Interest income is recognised in the financial statements on an accrual basis except for interest on loans which are considered non performing, i.e., where repayments are in arrears for more than six months, in which case recognition of such interest is suspended. Subsequent to suspension, interest income is recognised on the receipt basis until all arrears have been paid.

Realised Gains and Losses on Investments
Gains or losses arising on disposal of investments are credited or charged to the income statement. Gains and losses are calculated as the difference between net sales proceeds and the original for amortised cost and are recorded on occurrence of the sale transaction.

Dividend Income
Dividend income represents gross dividends from quoted and unquoted investments and is recognised when the right to receive payment is established.

Fee Income
Insurance contract policyholders are charged for policy administration services, investment management services, surrender and other contract fees. These fees are recognised as revenue in the period in which the related services are performed.

(q) Income Tax

Income tax on the income statement for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity.

(r) Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(s) Employee Benefits

Short-Term Benefits
Wages, salaries and other salary related expenses are recognised as an expense in the year in which the associated services are rendered by employees of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Defined Contribution Plans
Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, the Company makes such contributions to the Employees Provident Fund ("EPF").

Share-based Compensation
The ultimate holding company, AMMB operates an equity-settled share-based compensation scheme wherein shares or options to subscribe for shares of AMMB are granted to eligible directors and employees of the AMMB group of companies ("Group") based on the financial and performance criteria and such conditions as it may deem fit.

Where the Group pays for services of its employees using share options or via grant of shares, the fair value of the transaction is recognised as an expense in the income statement over the vesting periods of the grants, with a corresponding increase in equity. The total amount to be recognised as compensation expense is determined by reference to the fair value of the share options or shares granted at the date of the grant and the number of share options or shares granted to be vested by the vesting date, taking into account, if any, the market vesting conditions upon which the options or shares were granted but excluding the impact of any non-market vesting conditions. At the balance sheet date, the Group revises its estimate of the number of share options or shares granted that are expected to vest by the vesting date. Any revision of this estimate is included in the income statement and a corresponding adjustment to equity over the remaining vesting period.

(t) Foreign Currencies Transactions

The financial statements are presented in Ringgit Malaysia which is also the functional currency of the Company.

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to profit or loss. Non-monetary items that are measured in terms of historical cost in foreign currency are not subsequently restated.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. All foreign exchange differences are taken to profit or loss, except for differences relating to items where gains or losses are recognised directly in equity, in which case, the gain or loss is recognised net of the exchange component in equity.

(u) Insurance Payables

Insurance payables are recognised when due and measured on initial recognition at the fair value of the consideration received less directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective yield method.

(v) Leases

A lease is recognised as a finance lease if it transfers substantially to the Company all the risks and rewards incidental to ownership. Leases of land and building are classified as operating or finance leases in the same way as leases of other assets. All leases that do not transfer substantially all the risks and rewards are classified as operating leases except for properties held under operating lease that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease (Note 2.2(c)).

Operating Leases - The Company as Lessee
Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expenses over the lease term on a straight-line basis. In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and the building elements in proportion to the relative fair values for leasehold interests in the land element and building element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease terms.

Operating Leases - The Company as Lessor
Assets leased under operating leases are presented on the balance sheet according to the nature of the assets. Rental income from operating lease is recognised on an accrual basis over the terms of the relevant lease (Note 2.2(p)). Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(w) Other Financial Liabilities

Other liabilities and payables are recognised when due and measured on initial recognition at the fair value of the consideration received less directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective yield method.

A financial liabilities is derecognised when the obligation under the liability is discharged, cancelled or expired. Gains or losses are recognised in the profit or loss.

(x) Cash and Cash Equivalents

For the purpose of the cash flow statements, cash and cash equivalents consist of cash on hand and at bank, excluding fixed and call deposits.

The cash flow statement has been prepared using the indirect method.

2.3 Standards and IC Interpretations Issued but Not Yet Effective

At the date of authorisation of these financial statements, the following new FRSs and Interpretations, and amendments to certain Standards and Interpretations were issued but are not yet effective at 31 March 2011 and have not been applied by the Company:

(a) FRSs, IC Interpretations and amendments effective for annual periods beginning on or after 1 July 2010

(i) FRS 1, First-time Adoption of Financial Reporting Standards (revised)
(ii) FRS 3, Business Combinations (revised)
(iii) Amendments to FRS 127, Consolidated and Separate Financial Statements
(iv) Amendments to FRS 2, Share-based Payment
(v) Amendments to FRS 5, Non-current Assets Held for Sale and Discontinued Operations
(vi) Amendments to FRS 138, Intangible Assets
(vii) Amendments to IC Interpretation 9, Reassessment of Embedded Derivatives
(viii) IC Interpretation 12, Service Concession Arrangements
(ix) IC Interpretation I5, Agreements for the Construction of Real Estate
(x) IC Interpretation 16, Hedges of a Net Investment in a Foreign Operation
(xi) IC Interpretation 17, Distributions of Non-cash Assets to Owners"

(b) Technical Release effective for annual periods ending on or after 31 December 2010

(i) TR 3, Guidance on Disclosures of Transition to IFRSs

(c) FRSs, IC Interpretations, Technical Release and amendments effective for annual periods beginning on or after 1 January 2011

(i) Amendments to FRS 1, First-time Adoption of Financial Reporting Standards
- Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
- Additional Exemptions for First-time Adopters

(ii) Amendments to FRS 2, Share-based Payment – Group Cash-settled Share-based Payment Transactions
(iii) Amendments to FRS 7, Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments
(iv) IC Interpretation 4, Determining whether an Arrangement contains a Lease
(v) IC Interpretation 18, Transfers of Assets from Customers
(vi) TR i – 4, Shariah Compliant Sale Contracts

(d) IC Interpretation effective for annual periods beginning on or after 1 July 2011

(i) IC Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments

(e) FRS and IC Interpretation effective for annual periods beginning on or after 1 January 2012

(i) FRS 124: Related Party Disclosures (revised)
(ii) IC Interpretation 15: Agreements for the Construction of Real Estate

The Company plans to adopt the above pronouncements when they become effective in the respective financial periods except for FRS 3, Amendments to FRS 127, 2, 5, Amendments to IC Interpretation 9, IC Interpretation 12, 15, 16, 17, 18, 19 and TR i - 4. These pronouncements are expected to have no significant impact to the financial statements of the Company upon their initial application.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.4 Changes in Accounting Policies And Effects Arising From Adoption Of New And Revised FRSs And Issues Committees ("IC") Interpretation

The adoption of the new and revised FRSs and IC Interpretations which are mandatory for financial period beginning on or after 1 April 2010 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

Prior to 1 April 2010, information about financial instruments was disclosed in accordance with the requirements of FRS 132 Financial Instruments: Disclosure and Presentation. 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.

The Company have applied FRS 7 prospectively in accordance with the transitional provisions. Hence, the new disclosures have not been applied to the comparatives. The new disclosures are included throughout the Company's financial statements for the year ended 31 March 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 have elected to present this statement in two linked 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 also requires the Company to make new disclosures to enable users of the financial statements to evaluate the Company's objectives, policies and processes for managing capital (see Note 35).

The revised FRS 101 was adopted retrospectively by the Company.

(c) FRS 139 Financial Instruments: Recognition and Measurement

FRS 139 establishes principles for recognising, derecognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. However, since the adoption of the RBC framework on 1 April 2009, certain principles in connection with the recognition, derecognition and measurement of financial instruments which are similar to those prescribed by FRS 139 have already been adopted by the Company. Therefore, the adoption of FRS 139 on 1 April 2010 has resulted in changes in accounting policies mainly pertaining to the following:

(i) Investments measured at market bid prices
Upon the implementation of FRS 139, the Company has valued its financial instruments at market bid prices. Prior to the implementation of FRS 139, these financial instruments were valued at market closing prices. Financial instruments of the Company affected by the above requirement comprise mainly debt securities.

Gains or losses arising from the changes in fair value of debt securities is recognised in the AFS reserve.

The effects on the balance sheet are set out in Note 2.4(c)(iii).

(ii) Change in valuation of Negotiable Instruments of Deposit (NID)
Prior to the implementation of FRS 139, the Company valued its investment in NIDs at the lower of the face value or fair value in aggregate. This was in compliance with the valuation method specified in the RBC Framework by Bank Negara Malaysia (BNM) that became effective on 1 January 2009.

Upon adoption of FRS 139 on 1 April 2010, NIDs are valued at fair value. The Company has classified the investment in NID as Available For Sale (AFS).

Gains or losses arising from the change in fair value of NIDs are recognised in AFS reserve.

The effects on the balance sheet are set out in Note 2.4(c)(iii).

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(iii) Summary of effects of change in accounting treatment on the current financial year's financial statements
The following table presents the changes to the affected balance sheet items arising from the adoption of FRS 139 with effect from 1 April 2010. Pursuant to adoption of FRS 139, the resultant changes are reflected in the respective assets and Available For Sale Reserves as at 1 April 2010.

		At 1.4.2010		
	Note	As Previously Stated RM'000	Decrease Note 2.4 (c) (i) and (ii) RM'000	As Restated RM'000
Investments	8	2,319,730	4,642	2,315,088
Insurance contract liabilities	14	2,238,073	3,936	2,234,137
- AFS Reserves			(4,278)	
- Deferred Tax on AFS			342	
Deferred tax liabilities	15	3,211	433	2,778
AFS reserve, net of deferred tax		1,419	273	1,146
- AFS Reserves			(364)	
- Deferred Tax on AFS			91	

The following tables provide estimates of the extent to which each of the line items in the balance sheet for the financial year ended 31 March 2011 are higher or lower than it would have been had the previous policies been applied in the current financial year.

Effects on Balance sheet as at 31 March 2011

	Lower Note 2.4 (c) (i) and (ii) RM'000
Investments	2,382
Insurance contract liabilities	
- AFS Reserves	2,042
Deferred tax liabilities	218

Effects on Statement of Comprehensive Income for financial year ended 31 March 2011

	Lower Note 2.4 (c) (i) and (ii) RM'000
Available for sale reserves, net of deferred tax	112

(d) FRS 4 Insurance Contracts

FRS 4 introduces new disclosures to improve the information about insurance contracts and related assets, liabilities, income and expense. It requires the disclosure of qualitative and quantitative information about sensitivity and concentration of exposures to risk arising from insurance contracts, credit risk, liquidity risk and market risk disclosures, reconciliations of changes in insurance liabilities and reinsurance assets, the effect of changes in assumptions used to measure insurance assets and insurance liabilities, showing separately the effect of each change that has a material effect on the financial statements and the objectives, policies and processes for managing risks arising from insurance contracts and the methods used to manage those risks.

The new disclosures are included throughout the notes to the financial statements for the year ended 31 March 2011.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.5 Changes in Accounting Estimates And Effects Arising From the Change

During the financial year, the useful life for certain computer software was reviewed and estimated to have a longer useful life of 10 years. The basis of the revision from 7 to 10 years was based on the current system which has been in used for more than 17 years.

Summary of effects of change in accounting estimates on the current financial year's financial statements

Effects on Balance sheet as at 31 March 2011

	Higher RM'000
Property and equipment	974

Effects on Income Statement for financial year ended 31 March 2011

	Lower RM'000
Management expenses	
- Amortisation of intangible assets	974

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

(a) Critical Judgements Made in Applying Accounting Policies

The following are judgements made by management in the process of applying the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

(i) Classification between Investment Properties and Property and Equipment
The Company has developed certain criteria based on FRS 140 in making judgement whether a property qualifies to be classified as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under finance leases), the Company would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

(ii) Impairment of Available-for-Sale assets
Impairment of available-for-sale assets is made after considering several factors, including business viability of the investee, potential recovery of capital invested and present values of any future dividend or income streams thereon. The present values of future income streams are measured by applying an expected rate of return that reflects the risk profile of the investment. These are compared against the carrying costs of investments and appropriate judgement and consideration is made by management to ascertain if the current carrying costs continue to be relevant.

This assessment is performed at each balance sheet date and is critically reviewed by management taking into consideration specific industry and economic factors relevant to the investment concerned.

(iii) Impairment of Receivables
If there is objective evidence that an impairment loss on a loan and receivable or a held-to-maturity investments has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred), discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss. If a loan and receivable or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Company may measure impairment on the basis of an instrument's fair value using an observable market price.

(iv) Insurance Contract Classifications
A contract is classified as insurance if at any point over the life of the contract the payout on the policy is likely to be more than 105% of the surrender benefit. A rate of 105% is used as many policies have a 101% life cover even though there is no significant insurance risk. Generally most insurance products have payouts of more than 105% on occurrence of an insured event (e.g. death payment).

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (cont'd)

(b) Key Sources of Estimation Uncertainty and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Valuation of Life Insurance Contract Liabilities

The liability for life insurance contracts is based on current assumptions, reflecting the best estimate at the time increased with a margin for risk and adverse deviation. All contracts are subject to a Liability Adequacy Test ("LAT"), which reflect management's best current estimate of future cash flows.

The main assumptions used relate to mortality, morbidity, longevity, investment returns, expenses, lapse and surrender rates and discount rates. The Company bases mortality and morbidity on established industry and Malaysian tables which reflect historical experiences, adjusted when appropriate to reflect the Company's unique risk exposure, product characteristics, target markets and own claims severity and frequency experiences. For those contracts that insure risk to longevity, prudent allowance is made for expected future mortality improvements.

The valuation of insurance contract liabilities is determined according to the Insurance Act and Regulations 1996, BNM's Risk Based Capital (RBC) Framework for Insurers and FRS 4 (Insurance Contracts). The RBC Framework for insurers issued by BNM meets the requirement of Liability Adequacy Test under FRS 4.

According to this framework, valuation of non-participating life insurance liabilities, participating life insurance liabilities on guaranteed benefits only, and the non-unit investment-linked liabilities with the prescribed valuation bases aim to secure an overall level of sufficiency of policy reserves at the 75% confidence level. To secure this level of adequacy, the Company is required to calculate the best estimate value of their insurance liabilities and apply a "Provision of Risk Margin for Adverse Deviation" (PRAD).

Estimates are also made as for future investment income arising from the assets backing life insurance contracts. These estimates are based on current market returns as well as expectations about future economic and financial developments.

Assumptions on future expenses are based on current expense levels, adjusted for expected expense inflation adjustments, if appropriate. Lapse and surrender rates are based on the Company's historical experience of lapses and surrenders.

The discount rate for non-participating policies, guaranteed benefits of participating policies and the non-unit liability of investment-linked policies accord a level of guarantee which is no less certain than that accorded by MGS. In the case of the total benefit liabilities of participating policies, the discount rate is based on the historical yield and future investment outlook of the participating fund, net of tax on investment income of the Life Fund.

Life insurance liabilities are recognised when contracts are entered into and premiums are charged.

These liabilities are measured by using a prospective actuarial valuation method.

The liability is determined as the sum of the present value of future guarantees and, in the case of a participating life policy, appropriate level of non-guaranteed benefits, and the expected future management and distribution expenses, less the present value of future gross considerations arising from the policy discounted at the appropriate risk discount rates. The liability is based on the best estimate assumptions and with due regard to significant recent experiences. An appropriate allowance for provision of risk margin for adverse deviation from expected experience is made in the valuation of non-participating life policies, the guaranteed benefits liabilities of participating life policies, and non-unit liabilities of investment-linked policies.

The liability in respect of policies of a participating insurance contract is taken as the higher of the guaranteed benefit liabilities or the total benefit liabilities at the contract level derived as stated above.

In the case of a life policy where a part of, or the whole of the premiums are accumulated in a fund, the accumulated amount, as declared to the policy owners, are set as the liabilities if the accumulated amount is higher than the figure as calculated using the prospective actuarial valuation method.

Where policies or extensions of a policy are collectively treated as an asset at the fund level under the valuation method adopted, the value of such asset is eliminated through zero-isation.

In the case of a 1-year life policy or a 1-year extension to a life policy covering contingencies other than death or survival, the liability for such life insurance contracts comprises the provision for unearned premiums and unexpired risks, as well as for claims outstanding, which includes an estimate of the incurred claims that have not yet been reported to the Company.

(ii) Depreciation of Property and Equipment

The cost of freehold and leasehold properties are depreciated on a straight line basis over their estimated useful lives of 50 years. The Company estimates that at the end of the useful lives, these properties will not have any residual values.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (cont'd)

(iii) Amortisation of Intangible Assets

The Company recognises the costs of significant development of knowledge based software and computer applications as intangible assets with finite useful lives. Such software and applications are unique to the requirements of the insurance business and the Company establishes that these development costs will generate economic benefits beyond one year.

The Company estimates the useful lives of these software costs to be between 5 to 10 years.

The Company expects that amortisation on software under development will only commence after the software and computer applications are available to be used and generate future economic benefits.

4. PROPERTY AND EQUIPMENT

	Buildings - Owner Occupied Properties RM'000	Motor Vehicles RM'000	Office Equipment RM'000	Computer Equipment RM'000	Furniture, Fittings and Renovation RM'000	Total RM'000
2011						
Cost						
At 1 April 2010	26,422	1,042	3,106	16,926	12,887	60,383
Additions	-	-	193	2,630	1,820	4,643
Disposals	-	(70)	(5)	(10)	-	(85)
At 31 March 2011	26,422	972	3,294	19,546	14,707	64,941
Accumulated Depreciation						
At 1 April 2010	4,348	793	2,141	8,858	9,286	25,426
Charge for the year	442	100	263	2,286	1,160	4,251
Disposals	-	(70)	(5)	(10)	-	(85)
At 31 March 2011	4,790	823	2,399	11,134	10,446	29,592
Net Carrying Amount	**21,632**	**149**	**895**	**8,412**	**4,261**	**35,349**
2010						
Cost						
At 1 April 2009	26,422	1,309	2,655	10,978	11,857	53,221
Additions	-	-	458	6,121	1,030	7,609
Disposals	-	(267)	(7)	(173)	-	(447)
At 31 March 2010	26,422	1,042	3,106	16,926	12,887	60,383
Accumulated Depreciation						
At 1 April 2009	3,897	941	1,898	7,893	8,153	22,782
Charge for the year	451	119	250	1,138	1,133	3,091
Disposals	-	(267)	(7)	(173)	-	(447)
At 31 March 2010	4,348	793	2,141	8,858	9,286	25,426
Net Carrying Amount	**22,074**	**249**	**965**	**8,068**	**3,601**	**34,957**

4. PROPERTY AND EQUIPMENT (cont'd)

Included in property and equipment of the Company are the costs of fully depreciated assets which are still in use as follows:

	2011 RM'000	2010 RM'000
Office Equipment	1,498	1,322
Motor Vehicle	374	-
Computer Equipment	6,923	6,686
Furniture, Fittings & Renovation	6,756	5,849

5. SUBSIDIARY

	2011 RM'000	2010 RM'000
Unquoted shares, at cost	-	6,000

	Place of incorporation	Paid-up capital	Effective equity interest		Principal activity
			2011	2010	
		RM'000	%	%	
Arab-Malaysian Services Bhd. (In member's voluntary winding up)	Malaysia	6,000	-	100	Dormant

The financial statements of the subsidiary are not consolidated as the ultimate holding company, AMMB Holdings Berhad produces consolidated financial statements that are available for public use and which comply with Financial Reporting Standards in Malaysia.

During the year, the amount owing to subsidiary amounting to RM6,000,000 at end of 2010 arose mainly from non-trade advances has been fully settled against the investment in subsidiary.

The Subsidiary has been wounded up and the resolution for winding up was posted on 12 January 2010. The gazetted notice from Suruhanjaya Syarikat Malaysia ("SSM") is still pending. However in accordance with Section 272(5) of the Companies Act 1965, the company is deemed to be dissolved upon the expiration of three (3) months after the lodging of the Form 69 with SSM. The Company submitted the Form 69 on 21 October 2010.

6. INVESTMENT PROPERTIES

	2011 RM'000	2010 RM'000
At 1 April	84,193	84,193
Addition	750	-
Fair value adjustment	6,602	-
At 31 March	91,545	84,193
Investment properties consist of the following:		
Leasehold land and buildings	24,925	23,185
Freehold land and buildings	66,620	61,008
	91,545	84,193

Included in investment properties of the Life Fund are land and buildings with a total fair value amounting to RM33,900,000 (2010: RM31,530,000), for which the title deeds were still in the process of being transferred to the Company.

7. INTANGIBLE ASSETS

	Development Costs RM'000	Software RM'000	Total RM'000
2011			
Cost			
At 1 April 2010	630	27,576	28,206
Additions	16,039	1,184	17,223
At 31 March 2011	16,669	28,760	45,429
Accumulated Amortisation			
At 1 April 2010	-	4,151	4,151
Charge for the year	-	2,874	2,874
At 31 March 2011	-	7,025	7,025
Net Carrying Amount	**16,669**	**21,735**	**38,404**
2010			
Cost			
At 1 April 2009	20,266	3,414	23,680
Additions	3,786	740	4,526
Reclassification	(23,422)	23,422	-
At 31 March 2010	630	27,576	28,206
Accumulated Amortisation			
At 1 April 2009	-	2,776	2,776
Charge for the year	-	1,375	1,375
At 31 March 2010	-	4,151	4,151
Net Carrying Amount	**630**	**23,425**	**24,055**

Included in intangible assets of the Company are the costs of fully amortised software which are still in use amounting to RM2,742,409 (2010: RM2,551,000).

8. INVESTMENTS

	2011 RM'000	2010 RM'000
Malaysian Government Securities	4,996	58,980
Corporate bonds	1,486,125	1,419,526
Equity securities	80,490	27,571
Floating Rate Negotiable Instruments Deposits	255,258	245,703
Unit and property trust funds	15,430	40,936
Negotiable Instruments of Deposits	51,302	53,000
Loans	191,378	87,586
Deposits with licensed bank	469,299	379,175
Seed capital- Investment-linked funds	8,069	7,253
	2,562,347	2,319,730
Held-to-maturity financial assets ("HTM")	617,716	568,785
Loans and receivables ("LAR")	660,677	466,761
Available-for-sale financial assets ("AFS")	993,013	972,102
Fair value through profit or loss ("FVTPL")	290,941	312,082
	2,562,347	2,319,730

(a) HTM

	2011 RM'000	2010 RM'000
Amortised Cost		
Corporate bonds		
Unquoted in Malaysia	617,716	568,785
Fair Value		
Corporate bonds		
Unquoted in Malaysia	656,883	583,263

The fair values of unquoted corporate bonds are derived by references to prices provided by Bondweb Pricing Services.

8. INVESTMENTS (cont'd)

(b) LAR

	2011 RM'000	2010 RM'000
Amortised Cost		
Deposits with licensed bank	469,299	379,175
Loans	191,378	87,586
Malaysian Government guaranteed loans	100,000	-
Policy Loans	88,289	83,784
Mortgage Loans	2,428	3,033
Staff Loans	661	769
	660,677	466,761
Fair Value		
Deposits with financial institutions	469,299	379,175
Loans	191,016	87,586
Malaysian Government guaranteed loans	100,000	-
Policy Loans	88,289	83,784
Mortgage Loans	2,066	3,033
Staff Loans	661	769
	660,315	466,761

(c) AFS

	2011 RM'000	2010 RM'000
Fair Value		
Equity securities:		
Quoted in Malaysia	64,153	-
Unquoted in Malaysia	2,147	2,129
Corporate bonds:		
Unquoted in Malaysia	865,386	850,740
Malaysian government securities	-	58,980
Unit and property trust funds:		
Unquoted in Malaysia	1,956	-
Negotiable Instruments of Deposits	51,302	53,000
Seed Capital - Investment-linked funds	8,069	7,253
	993,013	972,102

8. INVESTMENTS (cont'd)

(d) FVTPL- Held for trading purposes ("HFT")

	2011 RM'000	2010 RM'000
Fair Value		
Equity securities:		
Quoted in Malaysia	14,190	25,443
Malaysian government securities	4,996	-
Corporate bonds:		
Unquoted in Malaysia	3,023	-
Floating rate negotiable instruments deposits	255,258	245,703
Unit and property trust funds:		
Quoted in Malaysia	1,129	2,378
Unquoted in Malaysia	10,658	38,558
Unquoted outside Malaysia	1,687	-
	290,941	312,082

(e) Carrying Values of Financial Instruments

	HTM RM'000	LAR RM'000	AFS RM'000	FVTPL RM'000	Total RM'000
At 1 April 2009 (restated)	265,291	431,948	873,979	316,452	1,887,670
Purchases	453,049	9,640	255,814	163,318	881,821
Maturities	(102,756)	-	(49,099)	-	(151,855)
Disposals	(47,805)	-	(116,713)	(191,862)	(356,380)
Fair value gains/(losses)					
Recorded in:					
Profit or loss	-	-	-	24,174	24,174
Other comprehensive income	-	-	1,470	-	1,470
Insurance contractliabilities	-	-	2,911	-	2,911
Movement in impairment allowance	-	-	(9,114)	-	(9,114)
Movement in deposits with licensed bank	-	25,173	-	-	25,173
Amortisation adjustment	1,006	-	12,854	-	13,860
At 31 March 2010	568,785	466,761	972,102	312,082	2,319,730
Effects due to adoption of FRS 139	-	-	(4,642)	-	(4,642)
At 31 March 2010 (restated)	568,785	466,761	967,460	312,082	2,315,088
Purchases	56,951	113,435	1,042,399	21,345	1,234,130
Maturities	(9,781)	-	(82,534)	-	(92,315)
Disposals	-	(9,643)	(937,830)	(49,593)	(997,066)
Fair value gains/(losses)					
Recorded in:					
Profit or loss	-	-	-	7,107	7,107
Other comprehensive income	-	-	1,420	-	1,420
Insurance contract liabilities	-	-	-	2,075	-
Movement in deposits with licensed bank	-	90,124	-	-	90,124
Amortisation adjustment	1,761	-	23	-	1,784
At 31 March 2011	**617,716**	**660,677**	**993,013**	**290,941**	**2,562,347**

8. INVESTMENTS (cont'd)

(f) Fair Values of Financial Investments

The following table show financial investments recorded at fair value analysed by the different basis of fair values as follows:

	AFS RM'000	FVTPL RM'000	Total RM'000
31 March 2011			
Quoted market price	72,222	15,319	87,541
Valuation techniques - market observable inputs	918,644	275,622	1,194,266
Valuation techniques - non-market observable inputs	2,147	-	2,147
	993,013	290,941	1,283,954
31 March 2010			
Quoted market price	7,253	64,001	71,254
Valuation techniques - market observable inputs	962,720	248,081	1,210,801
Valuation techniques - non-market observable inputs	2,129	-	2,129
	972,102	312,082	1,284,184

Included in the quoted price category is financial instruments that are measured in whole or in part by reference to published quotes in an active market. Fair values for quoted shares and quoted unit trust funds are available from Bursa Malaysia, bonds prices are available from Bondweb Pricing Services.

Financial instruments measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions are foreign unit trust while NID fair values are based on broker quotes, whilst fair values for unquoted unit trust prices are available from Ambank Group Portal.

Non-market observable inputs means that fair values are determined in whole or in part using a valuation technique based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. The main asset class in this category is unquoted equity securities. Unobservable inputs reflect the Company's own assumptions about the assumptions that market participants would use in pricing the instrument. These inputs are developed based on the best information available.

9. REINSURANCE ASSETS

	2011 RM'000	2010 RM'000	2009 RM'000
Reinsurance of insurance contracts	82,027	27,934	16,411

10. INSURANCE RECEIVABLES

	2011 RM'000	2010 RM'000
Amount owing by reinsurers and cedants	21,768	9,308
Outstanding premiums including agents, brokers and co-insurers balances	21,151	21,435
Allowance for impairment	(312)	(1,001)
	42,607	29,742

11. OTHER RECEIVABLES

	2011 RM'000	2010 RM'000
Income due and accrued	49,392	44,792
Other receivables, deposits and prepayments	24,358	4,968
Tax recoverable	787	217
Amount owing by other related companies	2,894	6,216
	77,431	56,193

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

The amount owing by other related companies is non-trade in nature, interest-free, unsecured and has no fixed terms of repayment.

12. SHARE CAPITAL

	2011		2010	
	No. of Shares '000	RM'000	No. of Shares '000	RM'000
Authorised:				
Ordinary shares of RM1.00 each				
At beginning and end of year	100,000	100,000	100,000	100,000
Issued and Paid-up:				
Ordinary shares of RM1.00 each				
At beginning and end of year	100,000	100,000	100,000	100,000

13. RESERVES

Presently, Malaysian companies adopt the full imputation system. In accordance with the Finance Act, 2007, which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders ("single-tier system"). However, there is a transitional period of six years expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrecoverable option to disregard their accumulated tax credit under Section 108 of the Income Tax Act, 1967 ("Section 108 balance") and opt to pay dividends under the single-tier system. The change in the tax legislation also provides for the Section 108 balance to be locked in as at 31 December 2007 in accordance with Section 39 of the Finance Act, 1967.

The Company did not elect for the irrecoverable option to disregard the Section 108 balance. During the transitional period, the Company may utilise the credits in the Section 108 balance as at 31 December 2007 to distribute cash dividend payments to ordinary shareholders as defined under the Finance Act, 2007.

As at 31 March 2011, the Company has tax exempt profits available for distribution of RM NIL (2010: RM20,726,000).

14. DIVIDENDS

	2011 RM'000	2010 RM'000
Recognised during the financial year:		
Final dividend on ordinary share for 2010: 27 sen		
(2009: 130 sen) per share	27,000	130,000
Special dividend in respect of profit after tax recorded in respect of general insurance business for the period 1 April 2008 to 30 November 2008 prior to transfer of business to AmG Insurance Berhad beginning from 1 December 2008	1,560	-
	28,560	130,000
Proposed but not recognised as a liability as at 31 March:		
Final dividend on ordinary share for 2010: 27 sen		
(2009: nil) per share	-	27,000

The directors do not recommend the payment of any final dividend in respect of the current financial year.

15. INSURANCE CONTRACT LIABILITIES

	2011			2010			1.4.2009 (restated)		
	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
Actuarial liabilities	1,815,615	(60,954)	1,754,661	1,525,518	(18,425)	1,507,093	1,466,087	(13,075)	1,453,012
Unit reserve	29,316	-	29,316	-	-	-	-	-	-
Provision for outstanding claim	51,522	(21,073)	30,449	39,325	(9,509)	29,816	28,349	(3,336)	25,013
Unallocated surplus	348,775	-	348,775	401,125	-	401,125	160,045	-	160,045
Available-for-sale fair value reserves	6,679	-	6,679	5,041	-	5,041	-	-	-
Net asset value attributable to unitholders	304,268	-	304,268	267,064	-	267,064	174,426	-	174,426
	2,556,175	(82,027)	2,474,148	2,238,073	(27,934)	2,210,139	1,828,907	(16,411)	1,812,496

15. INSURANCE CONTRACT LIABILITIES (cont'd)

	2011			2010		
	Gross RM'000	Re-insurance RM'000	Net RM'000	Gross RM'000	Re-insurance RM'000	Net RM'000
At 1 April (as previously stated)	2,238,073	(27,934)	2,210,139	1,831,280	(16,411)	1,814,869
Effect of adoption of FRS 139/RBC:	0					
- Fair value changes on HFT Investments	-	-	-	(11)	-	(11)
- Fair value changes on AFS Investments	(4,278)	-	(4,278)	(2,568)	-	(2,568)
- Deferred Taxation on fair value changes	342	-	342	206	-	206
At 1 April (as restated)	**2,234,137**	**(27,934)**	**2,206,203**	**1,828,907**	**(16,411)**	**1,812,496**
Premiums received (Note 20)	540,717	(38,920)	501,797	583,349	(35,791)	547,558
Liabilities paid for death, maturities, surrenders, benefits and claims (Note 25)	(182,618)	25,549	(157,069)	(153,351)	23,421	(129,930)
Benefits and claims experience variation	(156,001)	3,348	(152,653)	(86,770)	(1,229)	(87,999)
Adjustments due to changes in assumptions:						
Mortality/morbidity	83,463	(43,667)	39,796	(15,407)	2,911	(12,497)
Expenses	5,696	-	5,696	21,987	-	21,987
Lapse and surrender rates	9,016	(330)	8,686	(10,809)	(1,081)	(11,889)
Discount rate	5,686	(73)	5,613	(20,538)	246	(20,292)
Foreign exchange adjustment	-	-	-	3,047	-	3,047
Net asset value attributable to unitholders	37,204	-	37,204	84,979	-	84,979
Unallocated surplus available	(23,034)	-	(23,034)	-	-	-
Available-for-sale	2,075	-	2,075	2,911	-	2,911
Deferred tax effects:						
Available-for-sale fair value reserves	(166)	-	(166)	(232)	-	(232)
At 31 March	**2,556,175**	**(82,027)**	**2,474,148**	**2,238,073**	**(27,934)**	**2,210,139**

Included in the unallocated surplus component of the Company's insurance contract liabilities is an amount of RM244,075,965 (2010: RM302,101,941), 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 RM6,678,890 (2010: RM5,040,775), 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 RM250,754,855 (2010: RM307,142,716). Consequently, the retained profits and AFS reserves of the Company would have been higher by RM244,075,965 and RM6,678,890 respectively (2010: RM302,101,941 and RM5,040,775).

16. DEFERRED TAX LIABILITIES

	2011 RM'000	2010 RM'000
At 1 April (as previously stated)	3,211	247
Effects of adoption of:		
RBC framework	-	313
FRS 139	(433)	-
At 1 April (as restated)	2,778	560
Recognised in:		
Income statement (Note 29)	2,684	2,051
Other comprehensive income	355	368
Insurance contract liabilities (Note 15)	166	232
At 31 March	5,983	3,211

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. Net deferred tax liabilities shown on the Balance Sheets have been determined after considering appropriate offsetting as follows:

	2011 RM'000	2010 RM'000
Presented after appropriate offsetting as follows:		
Deferred tax assets	(911)	(911)
Deferred tax liabilities	6,894	4,122
	5,983	3,211

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred Tax Assets

	Others	
	2011 RM'000	2010 RM'000
At 1 April	911	17
Recognised in the Income Statement:	-	894
At 31 March	911	911

16. DEFERRED TAX LIABILITIES (cont'd)

Deferred Tax Liabilities

	Property and Equipment RM'000	AFS Reserve RM'000	Investments RM'000	Total RM'000
2011				
At 1 April 2010 (as previously stated)	1,005	912	2,205	4,122
Effect of adoption of FRS 139	-	(433)	-	(433)
At 1 April 2010 (as restated)	1,005	479	2,205	3,689
Recognised in the Income Statement	2,174	-	510	2,684
Recognised in insurance contract liabilities	-	166	-	166
Recognised in AFS reserve	-	355	-	355
At 31 March 2011	3,179	1,000	2,715	6,894
2010				
At 1 April 2009 (as previously stated)	88	-	176	264
Effect of adoption of RBC framework	-	311	2	313
At 1 April 2009 (as restated)	88	311	178	577
Recognised in the Income Statement	917	-	2,027	2,944
Recognised in insurance contract liabilities	-	232	-	232
Recognised in AFS reserve	-	369	-	369
At 31 March 2010	1,005	912	2,205	4,122

17. INSURANCE PAYABLES

	2011 RM'000	2010 RM'000
Amount owing to agents, brokers, co-insurers and insureds	12,815	11,149
Amount owing to reinsurers and cedants	19,684	4,487
	32,499	15,636

All amounts are payable within one year.

18. SUBORDINATED TERM LOAN

In 1998, a subordinated term loan of RM80 million was obtained from then a major shareholder of the Company, AmMerchant Bank Berhad ("AMMB"), to supplement its capital fund.

The initial term of the loan facility was for a period of five (5) years commencing from the date of first drawdown in June 1998. The rate of interest payable was 1% plus AMMB's cost of funds and the repayment of the principal amount was to be made in one single payment at the end of the initial loan period. The interest was waived with effect from 1 July 2000.

The shareholders of the Company had undertaken to subscribe to their respective entitlement under a rights issue of shares to convert or otherwise replace the loan with share capital. The exercise for the rights issue of shares to increase the paid-up capital of the Company to RM100 million was completed on 5 November 2001.

Accordingly, RM50 million of the above loan was repaid by the Company in 2002. BNM had agreed for the Company to maintain RM30 million as a subordinated term loan pursuant to the increase in the paid-up capital. The subordinated term loan cannot be repaid without the prior approval of BNM.

The Company has subsequently obtained approval from BNM for the extension of the loan term until 30 June 2008. In conjunction with that, BNM had also approved AMMB's application to charge interest on the term loan at the rate of 1% above AMMB's cost of funds, effective 1 July 2006 until the expiry of the loan facility on 30 June 2008.

Subsequently, the Company had obtained further approval from BNM for the extension of the loan term for another year until 30 June 2009 then further extended to 30 June 2010. This was to facilitate the completion of the transfer of the general insurance business to AmG Insurance Berhad, the shareholding restructuring of the Company and the finalization of its capital management plan in view of the RBC framework. The subordinated term loan was fully repaid on 28th July 2010.

19. OTHER PAYABLES

	2011 RM'000	2010 RM'000
Accruals	25,169	28,503
Sundry payables	105,891	54,400
Deposits	2,216	37,888
Amount owing to other related companies	3,500	2,738
	136,776	123,529

The carrying amounts disclosed above approximate fair value at the balance sheet date as all amounts are payable within one year.

20. OPERATING REVENUE

	2011 RM'000	2010 RM'000
Gross premiums (Note 21)	540,717	583,349
Investment income (Note 22)	122,453	107,721
	663,170	691,070

21. NET PREMIUMS

	2011 RM'000	2010 RM'000
(a) Gross Premiums		
Insurance contracts	540,717	583,349
(b) Premiums Ceded to Reinsurers		
Insurance contracts	(38,920)	(35,791)
Net Premiums	501,797	547,558

22. INVESTMENT INCOME

	2011 RM'000	2010 RM'000
Rental income from investment properties	6,260	5,653
Financial assets at FVTPL - held for trading purposes:		
Dividend/distribution income		
- equity securities quoted in Malaysia	161	3,779
- unit and property trusts	1,895	2,523
HTM financial assets:		
Interest income	35,279	23,998
AFS financial assets:		
Interest income	50,901	51,961
Dividend/distribution income		
- equity securities quoted in Malaysia	3,495	-
- unit and property trusts	59	-
LAR Interest income	24,403	19,807
	122,453	107,721

23. REALISED GAINS AND LOSSES

	2011 RM'000	2010 RM'000
Financial assets at FVTPL - held for trading purposes:		
- equity securities quoted in Malaysia	(1,200)	10,691
- unit and property trusts	1,418	3,527
HTM financial assets:		
- corporate bonds	-	-
AFS financial assets:		
- Malaysian government securities	(74)	(119)
- corporate bonds	3,464	-
- equity securities quoted in Malaysia	21,742	-
- Negotiable instruments of deposits	374	-
Property and equipment	27	97
Foreign exchange loss	(131)	(202)
	25,620	13,994

24. FAIR VALUE GAINS AND LOSSES

	2011 RM'000	2010 RM'000
Financial assets at FVTPL - held for trading purposes:		
- equity securities quoted in Malaysia	-	-
- unit and property trusts	505	24,174
Investment properties	6,602	-
	7,107	24,174

25. FEE INCOME

	2011 RM'000	2010 RM'000
Policyholder administration and investment management services	5,255	433

26. NET BENEFITS AND CLAIMS

	2011 RM'000	2010 RM'000
(a) Gross Benefits and Claims Paid		
Insurance contracts	(182,618)	(153,351)
(b) Claims Ceded to Reinsurers		
Insurance contracts	25,549	23,421
(c) Gross Change in Contract Liabilities		
Insurance contracts	(267,063)	(300,500)
(d) Change in Contract Liabilities Ceded to Reinsurers		
Insurance contracts	42,529	5,350

27. MANAGEMENT EXPENSES

	Note	2011 RM'000	2010 RM'000
Employee benefits expense	27 (a)	33,795	31,098
Directors' fees	27 (b)	869	894
CEO/Executive Director's Remuneration			
Including Benefits-in-kind	27 (b)	1,067	515
Auditors' remuneration:			
- statutory audits		269	260
- other services		7	788
Depreciation of property and equipment		4,251	3,091
Amortisation of intangible assets		2,874	1,375
(Write back)/allowance for impairment		(694)	398
Rental of office from third parties		3,025	3,361
Rental of office from other related companies		900	383
Establishment cost		2,309	2,405
Marketing expenses		7,005	7,177
Communication expenses		3,239	2,963
Administration and general expenses		13,378	12,497
Executive Share Scheme		1,424	803
Policy processing expenses and others		1,544	1,728
		75,262	69,736

27. MANAGEMENT EXPENSES (cont'd)

(a) Employee Benefits Expense

	2011 RM'000	2010 RM'000
Wages, salaries and bonuses	26,107	24,741
Contributions to social security (SOCSO)	250	206
Contributions to EPF	4,065	4,368
Other benefits	3,373	2,298
Total Employee Benefits Expenses	33,795	31,613

(b) Directors' Remuneration

The details of remuneration receivable by Directors during the year are as follows:

	2011 RM'000	2010 RM'000
Non-executive directors:		
Fees	668	600
Allowances and other emoluments	201	294
	869	894

CEO/Executive Director's Remuneration Including Benefits-in-kind

The details of remuneration received by the CEO during the year was as follows:

	2011 RM'000	2010 RM'000
Salaries	882	425
Contributions to defined contribution plan, EPF	141	67
Other benefits-in-kind	44	23
	1,067	515

The number of directors of the Company whose remuneration during the financial year fell within the following bands is analysed below:

	Number of directors	
	2011 RM'000	2010 RM'000
Non-executive directors:		
Below RM50,000	3	-
RM50,001 - RM100,000	4	4
RM100,001 - RM150,000	4	5

28. FINANCE COSTS

	2011 RM'000	2010 RM'000
Interest on subordinated loan from AMMB	378	1,579

29. TAXATION

	2011 RM'000	2010 RM'000
Current income tax	29,529	18,581
Relating to origination and reversal of temporary differences (Note 16)	2,684	2,051
Tax (over)/under provided in prior year	-	(11,980)
	32,213	8,652

Domestic income tax for shareholders' fund is calculated at the Malaysian statutory rate of 25% of the estimated assessable profit for the year.

The amount of tax charged on the life fund is based on the method prescribed under the Income Tax Act, 1967 for life business. The statutory tax rate for the life insurance business is 8%.

The taxes of the respective funds are disclosed in Note 39. A reconciliation of income tax expenses applicable to profit/surplus before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the life business and shareholder's fund is as follows:

	2011 RM'000	2010 RM'000
Profit before tax	87,714	47,776
Taxation at Malaysian statutory tax rate of 25%	21,929	11,944
Tax rate differential of 17% in respect of Life fund	(14,911)	(8,122)
Expenses not deductible for tax purposes	22,512	63,348
Income not subject to tax	-	(48,589)
Deferred tax relating to origination and reversal of temporary differences (Note 14)	2,684	2,051
Tax under-provided in prior year	-	(11,980)
Tax expense for the year	32,213	8,652

Previously, investment income and gains from disposal of investments from the Life Fund was taxed twice, once at tax rate of 8% in the Life Fund and again at a tax rate of 25% (2010:25%) when the surplus from Life Fund is transferred to the Shareholders' Fund. In a Gazette order on 21 April 2008 and effective from year of assessment 2008 onwards insurance companies are permitted a set-off ("Section 110B credits") from the total amount of tax imposed on the Shareholders' Fund to overcome the incidence of double taxation.

Section 110B credits are governed by a specific Inland Revenue Board ("IRB") guideline issued on 5 November 2008 which details the computation of said credits available to the Shareholders' Fund of an insurance company. Section 110B credits are applied before dividend tax credits when computing net tax payable to IRB.

30. EARNINGS PER SHARE

	2011	2010
Basic		
Net profit for the year attributable to shareholders (RM'000)	55,501	39,124
Number of ordinary shares of RM1 each ('000)	100,000	100,000
Basic earnings per share (sen)	55.5	39.1

31. CASH FLOWS

	Note	2011 RM'000	2010 RM'000
Profit		87,714	47,776
Investment income	22	(122,453)	(107,721)
Realised gains recorded in income statement	23	(25,620)	(14,196)
Fair value gains recorded in income statement	24	(7,107)	(24,174)
Purchases of HFT financial investments	8 (e)	(21,345)	(163,318)
Purchases of AFS financial investments	8 (e)	(1,042,399)	(255,814)
Purchases of HTM financial investments	8 (e)	(56,951)	(453,048)
Maturities of AFS financial investments	8 (e)	82,534	49,099
Maturities of HTM financial investments	8 (e)	9,781	102,756
Proceeds from sale of HFT financial investments	8 (e)	49,811	206,080
Proceeds from sale of AFS financial investments	8 (e)	958,812	91,803
Proceeds from sale of HTM financial investments	8 (e)	-	34,893
Increase in LAR	8 (e)	(193,916)	(34,813)
Non-cash items:			
Accretion of discounts - net		(1,784)	-
Depreciation of property and equipment		4,251	3,091
Amortisation of intangible assets		2,874	1,375
Interest expense		378	1,579
(Writeback)/allowance for impairment		(694)	398
Changes in working capital:			
Increase in reinsurance assets		(54,093)	(11,523)
(Increase)/decrease in insurance receivables		(12,176)	8,873
Increase in other receivables		(16,638)	(29,197)
Increase in insurance contract liabilities		317,926	406,793
Increase/(decrease) in insurance payables		16,863	(17,631)
Increase in other payables		14,474	72,423
(Decrease)/increase in amount due to subsidiary		(6,000)	1,565
Cash used from operating activities		(15,758)	(82,931)

32. OPERATING LEASE ARRANGEMENTS

The Company as Lessee

The Company has entered into operating lease agreements for the use of buildings. These leases have an average lease term ranging between 2 and 3 years.

The future aggregate minimum lease payments under operating leases contracted for as at the balance sheet date but not recognised as liabilities, are as follows:

	2011 RM'000	2010 RM'000
Not later than 1 year	876	2,380
Later than 1 year and not later than 5 years	7,447	1,751
	8,323	4,131

32. OPERATING LEASE ARRANGEMENTS (cont'd)

The Company as Lessor

The Company has entered into operating lease agreements on its investment property portfolios. These leases have remaining lease terms ranging between 1 to 5 years. These leases generally include a clause to enable revision of rental charge upon expiry of the initial term based on prevailing market rates. Certain leases include contingent rental arrangements computed based on sales or profits achieved by tenants.

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

	2011 RM'000	2010 RM'000
Not later than 1 year	2,742	2,102
Later than 1 year and not later than 5 years	1,660	3,096
	4,402	5,198

Rental income recognised in the Income Statement during the financial year is described in Note 22.

33. CAPITAL COMMITMENTS

As of 31 March 2011, capital expenditure approved by Directors but not provided for in the financial statements are as follows:

	2011 RM'000	2010 RM'000
Authorised and contracted but not provided for:		
Property and equipment	-	150
Computer hardware and software	5,742	1,357
Investment properties	-	675
	5,742	2,182

34. RELATED PARTY DISCLOSURES

(a) Related Parties

The related parties and their relationship with the Company as of 31 March 2011 are as follows:

Name	**Relationship**
AMAB Holdings Sdn. Bhd	Immediate holding company
AMMB Holdings Berhad	Ultimate holding company
AmG Insurance Berhad	Subsidiary of its immediate holding company
AmInvestment Bank Berhad (formerly known as AmMerchant Bank Berhad)	Other related company
AMFB Holdings Berhad	Other related company
AmBank (M) Berhad	Other related company
AmInvestment Management Sdn. Bhd.	Other related company
AmInvestment Services Berhad	Other related company
AmSecurities Sdn. Bhd.	Other related company
Arab-Malaysian Credit Berhad	Other related company
AmTrustee Berhad	Other related company
Amcorp Group Berhad	A corporate shareholder of ultimate holding company
Melawangi Sdn Bhd	Company in which a director, Tan Sri Azman Hashim has financial interests
AMDB Berhad	Company in which a director, Tan Sri Azman Hashim has financial interests
Harpers Travel (M) Sdn. Bhd.	Company in which a director, Tan Sri Azman Hashim has financial interests

34. RELATED PARTY DISCLOSURES (cont'd)

Name	Relationship
Medan Delima Sdn. Bhd.	Company in which a director, Tan Sri Azman Hashim has financial interests
Friends Provident Public Company Limited (FP)	The Corporate shareholder of the Company
Syarikat Kompleks Damai Sdn. Bhd.	Company in which a director, Tan Sri Azman Hashim has financial interests
AMDB Property Management Company Sdn. Bhd.	Company in which a director, Tan Sri Azman Hashim has financial interests
AMDB Realty Sdn. Bhd.	Company in which a director, Tan Sri Azman Hashim has financial interests
Insurance Australia Group Ltd. (IAG Ltd)	Corporate shareholder of AmG Insurance Berhad and past corporate shareholder of the Company
MCM Consulting Sdn. Bhd.	Company in which a director, Tan Sri Azman Hashim has financial interests
MCM Horizon Sdn. Bhd.	Company in which a director, Tan Sri Azman Hashim has financial interests

In the normal course of business, the Company undertakes various transactions with subsidiary and associated companies of its ultimate holding company, and other companies deemed related parties by virtue of common director's shareholdings and corporate shareholders' interests in its ultimate holding company. The Directors are of the opinion that the Company sold insurance policies to the related companies and related parties on terms and conditions no more favourable than those available on similar transactions to its other customers or employees, and other related party transactions were also carried out on terms and conditions no more favourable than those available on similar transactions to its unrelated parties, unless otherwise stated.

Related Party Balances

Significant related party balances as at end of the financial year are as follows:

	Note	2011 RM'000	2010 RM'000
Included in other receivables:	11		
Income due and accrued			
AmIslamic Bank Berhad		139	114
AmBank (M) Berhad		21	42
		160	156
Amount owing by other related companies			
AmTrustee Berhad		16	16
AmInvestment Bank Berhad		198	-
AMMB holdings Berhad		160	-
AmG Insurance Berhad		2,187	6,200
AmTakaful Berhad		333	-
		2,894	6,216
Included in other payables:	19		
Amount owing to other related companies			
AmInvestment Bank Berhad		342	370
AMMB holdings Berhad		145	-
AmBank (M) Berhad		3,013	2,368
		3,500	2,738
Included in bank balances:			
Fixed deposits placements			
AmBank (M) Berhad		126,939	15,305
AmMerchant Bank Berhad		10,000	30,000
		136,939	45,305

34. RELATED PARTY DISCLOSURES (cont'd)

Related Party Transactions

The significant transactions of the Company with related parties during the financial year are as follows:

	2011 RM'000	2010 RM'000
Interest income receivable from:		
AmIslamic Bank Berhad	3,797	1,214
AmBank (M) Berhad	33,119	12,667
	36,916	13,881
Rental income receivable from:		
AmBank (M) Berhad	2,982	3,411
AmInvestment Bank Berhad	402	268
AmG Insurance Berhad	1,333	-
Syarikat Kompleks Damai Sdn. Bhd.	-	3,256
	4,717	6,935
Brokerage rebate from:		
AmInvestment Bank Berhad	-	12
Commission expenses payable to:		
AmBank (M) Berhad	6,543	7,443
General and administrative expenses payable to:		
AmBank (M) Berhad	3,041	1,776
AMDB Property Management Company Sdn. Bhd.	1,481	68
AMDB Realty Sdn.bhd	51	39
AmInvestment Bank Berhad	342	167
Harpers Travel (M) Sdn. Bhd.	3,670	382
Melawangi Sdn. Bhd.	316	316
	8,901	2,748
Subordinated term loan interest payable to:		
AmInvestment Bank Berhad	378	1,579
Rental expenses payable to:		
AmInvestment Bank Berhad	-	71
AmBank (M) Berhad	545	312
AmG Insurance Berhad	655	-
	1,200	383
Management fees to:		
AmInvestment Management Sdn. Bhd.	369	325
AmTrustee Berhad	358	502
	727	827

34. RELATED PARTY DISCLOSURES (cont'd)

(b) Key Management Personnel

Compensation of Key Management Personnel

The remuneration of directors and other members of key management during the year was as follows:

	2011 RM'000	2010 RM'000
Short-term benefit	1,795	1,409
Post-employment benefits:		
Defined contribution plan, EPF	141	-
	1,936	1,409

Included in the total key management personnel are:

	Note	2011 RM'000	2010 RM'000
Non-Executive Directors' remuneration	27(b)	869	894

Key management personnel are those persons having authority and responsibility in planning, directing and controlling the activities of the Company directly or indirectly.

The key management personnel of the Company includes the directors and Chief Executive Officer.

35. RISK MANAGEMENT FRAMEWORK

The Company is exposed to market risk, credit risk and liquidity risk from its use of financial instruments. Alternatively, through the issuance of insurance contracts, the Company is exposed to the above risks as well as insurance risk. This note presents information about the Company's exposure to each of the above risks and the Company's objectives, policies and processes for measuring and managing these risks. Further quantitative disclosures are included throughout these financial statements.

(a) Risk Management Framework

The Company has in place a dedicated risk management function responsible for the development and maintenance of the risk management framework. The primary objective of the Company's risk management framework is to set the strategic direction of the Company's overall approach to manage business and financial risk in line with its business strategy and risk appetite.

The key aspects of the Company's risk management framework are as follows:

- Defines the risk management strategy and policy by setting out the Company's risk vision, appetite and purpose,
- Defines the leadership in the overall risk management of the Company as well as outlining roles and responsibilities of everyone in managing risk, and
- Defines risk management processes to allow the business to identify, assess, monitor, control, report and mitigate its risks.

(b) Capital Management Objectives, Policies and Approach

The Company has established the following capital management objectives, policies and approach to the risks that affect its capital position.

The capital management objectives are:

- To maintain the level of capital as required by the Internal Capital Adequacy Ratio ("CAR") set by the Company as well as the regulators CAR as required by BNM.
- To allocate capital efficiently and support the development of the Company's businesses by ensuring that returns on capital employed meet the requirements of its capital providers and of its shareholders.
- To retain financial flexibility by maintaining strong liquidity position for the Company and ensuring access to a range of capital markets instruments, particularly in the event that the Internal Capital Adequacy Ratio ("CAR") and/or Regulatory CAR are/is violated.
- To align the profile of assets and liabilities taking account of risks inherent in the business, thereby, providing a strong and effective Asset Liability Management Framework.

35.RISK MANAGEMENT FRAMEWORK (cont'd)

- To maintain financial strength ratings and healthy capital ratios in order to support its business objectives and maximize shareholders value.
- To provide shareholders with a predictable and sustainable dividend return as targeted in the Company's dividend policy.

(i) Approach to capital management

The Company seeks to optimize the structure and sources of capital to ensure that it consistently maximizes returns to the shareholders and policyholders.

The Company's approach on managing capital involves managing asset, liabilities and risks in a co-ordinated way, assessing shortfalls between reported and required capital levels on a regular basis and taking appropriate actions to influence the capital position of the Company in the light of changes in economic conditions and risk characteristics. In managing the capital, the Company considers a number of key factors including:

- the level of CAR;
- the dividend policy;
- the cost of capital; and
- business strategies expansion plan

Stress testing

The Company uses regular stress testing and sensitivity analysis to monitor the robustness of the Company's capital position. Stress testing has been carried out to assess:

- The extent by which capital will be eroded by the threats identified and the impact on the Company's financial health and CAR; and
- The actions that will be required to mitigate the threats identified.

The Company also tests the impact of event-driven scenarios on capital adequacy. The Company has taken the approach to conduct 3 stress tests that projects over a 1-year period during financial year end and 1 stress test during mid-year to test the robustness of the Company's financial health during the plausible events that could happen in the next year and access the vulnerability of the key risks parameter.

(c) Risk Governance and Regulatory Framework

(i) Risk governance framework

The Company's risk governance framework requires that all of the Company's businesses and functions establish processes for identifying, evaluating and managing the key risks faced. The framework is based on the concept of 'three lines of defence': risk management; risk oversight; and independent assurance.

Risk management: Risk management is governed by the Board Risk Management Committee (BRMC) which is primarily responsible to oversee senior management's activities in managing the key risk areas of the Company.

Risk oversight: Risk exposures are monitored and reviewed by risk committees, chaired by a non-executive director and comprise of committee member appointed through the Nomination Committee:

- Asset Liability Committee (ALCO): Meets regularly to oversee the Company's financial risk (market, credit, liquidity and insurance risks) exposures.
- Operational Risk Management Committee (ORMC): Meets regularly to oversee the Company's non-financial risk (operational, business environment and strategic risks) exposures.
- Investment Committee (IC): Meets regularly to oversee Investment Management's activities in managing the investment funds of the insurer and that the risk management and compliance processes are effective.

(ii) Independent assurance

The Board Audit Examination Committee (AEC) provides independent review and assessment of the adequacy and reliability of the risk management process to the Board on a periodic basis.

(iii) Regulatory framework

BNM is primarily interested in protecting the rights of policyholders and monitor insurers closely to ensure that the Company is satisfactory in managing affairs for their benefit. At the same time, BNM is also interested to ensure that the Company maintains an appropriate solvency position to meet unforeseen liabilities arising from economic shocks or natural disasters.

35. RISK MANAGEMENT FRAMEWORK (cont'd)

(d) Asset-Liability Management ("ALM") Framework

The main risk that the Company faces due to the nature of its investment and liabilities is interest rate risk. The Company manages these positions within ALM framework that has been developed to achieve long-term investment returns in excess of its obligations under insurance contracts. The principal technique of the Company's ALM is to match assets to the liabilities arising from insurance contracts by reference to the type of benefits payable to contract holders. Amongst the mechanism to manage the ALM framework is the assessment and monitoring of the portfolio duration as well as duration for specific products. Asset liability mismatch risk is managed and monitored by ALCO.

36. INSURANCE RISK

Life Insurance Contracts

The principal risk the Company faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims and actual benefits paid. Therefore the objective of the Company is to ensure that sufficient reserves are available to cover these liabilities.

The above risk exposure is mitigated by diversification across a large portfolio of insurance contracts. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements.

The Company purchases reinsurance as part of its risk mitigation programme. The majority of proportional reinsurance is quota-share reinsurance, which is taken out to reduce the overall exposure of the Company to certain classes of business. Non-proportional reinsurance is primarily excess of loss reinsurance designed to mitigate the Company net exposure to catastrophe losses.

Amount recoverable from reinsured are estimated in a manner consistent with the outstanding claims provisions and in accordance with the reinsurance contracts. Although the Company has reinsurance arrangements, its is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded insurances, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements. The Company's placement of reinsurance is diversified such that it is not dependent on a single reinsurer.

Life insurance contracts offered by the Company include a range of participating and non-participating term, whole life, term assurance, endowment, investment-linked product and mortgage endowment.

The Company's participating products provide savings and protection where the basic sum assured can be enhanced by a profit share (or bonus) from the underlying fund as determined at the discretion of the insurers. The Company operations' non-participating term, whole life and endowment products offer savings and/or protection where the benefits are guaranteed or determined by a set of defined market-related parameters. Investment-linked products combine savings with protection where the cash value of the policy depends on the value of the underlying unitized funds. Medical policy provides mortality or morbidity benefits and includes total and permanent disability and critical illness. Medical riders are commonly offered as supplements to main life policies but can be sold separately.

Participating products have both guaranteed and non-guaranteed elements. Non-participating long-term products are the only ones where the insurer is contractually obliged to provide guarantees on all benefits. Investment-linked products have the lowest level of guarantee if indeed they have any.

The main risks that the Company is exposed to are as follows:

- mortality risk – risk of loss arising due to policyholder deaths experience being different from expectations;
- morbidity risk – risk of loss arising due to policyholder health experience being different from expectations.

Other risks:

- policyholder decision risk – risk of loss arising from experience of actual policyholder behaviour (e.g. lapses, option take-up) being different from expectations.
- expense risk – risk of loss due to expense experience being different from expectations.

Underpinning the Company's management of insurance risk is:

- adherence to an approved underwriting policy that takes into account the level of risk that the Company is prepared to accept;
- controls around the development of products and their pricing as outlined in the Product Management Plan as approved by BRMC; and
- regular analysis of actual mortality, morbidity and lapse experience, which feeds into the development of products and policies. If the analysis changes expectations of future liability cash flows, periodic adjustments are made to asset cash flows to maintain the asset liability match.

The Company Underwriting Risk Review Committee establishes, reviews and monitors the underwriting and reinsurance policies and strategies. As part of the underwriting strategy, risks in excess of agreed underwriting limits may be reinsured. The Company's objective is to purchase reinsurance in the most cost-effective manner from reinsurers whose creditworthiness is deemed appropriate.

36.INSURANCE RISK (cont'd)

The Company utilizes reinsurance to manage the mortality and morbidity risks. Retention limits for death, total and permanent disability ("TPD") or critical illness claims per life are limited to a maximum of RM100,000 except for certain products.

In order to protect against an aggregation of claims due to one event, the Company is protected by the catastrophe arrangements. On the ordinary and group life business, the Company will need to meet the first RM300,000. Any amount over RM300,000 up to a maximum of RM15 million per catastrophe event will be met by the reinsurer.

The Company conducted the stress test twice a year which is at financial year and six months after year end. The purpose of the stress test is to test the solvency level of the company in extreme adverse environment. Following BNM's guidelines, the Company has taken the sensitivity and scenario event-driven approach to conduct 3 different stress tests in terms of scenario and risk coverage

The table below shows the concentration of life insurance contract liabilities by type of contract.

	Gross RM'000	Reinsurance RM'000	Net RM'000
31 March 2011			
Whole Life	523,423	2,184	521,239
Endowment	628,760	24	628,736
Term plans - Mortgage	450,195	57,303	392,892
Term plans - Others	204,861	318	204,543
Medical and health	2,717	1,125	1,592
Riders	5,659	-	5,659
Total life insurance	**1,815,615**	**60,954**	**1,754,661**
31 March 2010			
Whole Life	457,071	2,872	454,199
Endowment	561,505	80	561,425
Term plan - Mortgage	356,267	13,765	342,502
Term plan - Others	147,330	383	146,947
Medical and health	3,739	1,325	2,414
Riders	(394)	-	(394)
Total life insurance	**1,525,518**	**18,425**	**1,507,093**

As all of the business is derived from Malaysia, the entire life insurance contract liabilities are in Malaysia.

Key Assumptions

Material judgement is required in determining the liabilities and in the choice of assumptions. Assumptions in use are based on past experience, current internal data, external market indices and benchmarks which reflect current observable market prices and other published information. Assumptions and prudent estimates are determined at the date of valuation and no credit is taken for possible beneficial effects of voluntary withdrawals. Assumptions are further evaluated on a continuous basis in order to ensure realistic and reasonable valuations.

The key assumptions to which the estimation of liabilities is particularly sensitive are as follows:

Mortality rates
Assumptions are based on standard industry table, which is the M9903, for lives assured in Malaysia. A percentage is applied to the table to allow for the Company's internal experience on its policyholders. Assumptions are differentiated by sex and underwriting class. For critical illness rates, reinsurer's rates are adopted.

An increase in rates will lead to larger number of claims benefit being paid out sooner than anticipated, which will increase expenditure and reduce profits for shareholders.

36. INSURANCE RISK (cont'd)

Type of business	2011	2010
Life Insurance - male	113%-224% of M9903	60%-127% of M8388
Life Insurance - female	54%-105% of M9903	60%-127% of M8388

Investment return
The weighted average rate of return is derived based on a model portfolio that is assumed to back liabilities, consistent with the long-term asset allocation strategy. These estimates are based on current market returns as well as expectations about future economic and financial developments.

An increase in investment return would lead to a reduction in expenditure and an increase in profits for the shareholders.

Type of business	2011	2010
Life Insurance	6-7%	6-7%

Expenses
Management expenses assumptions reflect the projected costs of maintaining and servicing in-force policies and associated overhead expenses. The current level of expenses are based on the expense analysis conducted yearly under the Company's Financial Condition Report, and adjusted for expected expense inflation if appropriate.

An increase in the level of expenses would result in an increase in expenditure thereby reducing profits for shareholders.

Lapse and surrender rates
Lapses relate to the termination of policies due to non-payment of premiums. Surrenders relate to the voluntary termination of policies by policyholders. Policy termination assumptions are determined using statistical measures based on the Company's experience and vary by product type and policy duration.

An increase in lapse rates early in the life of the policy would tend to reduce profits for shareholders, but later increase are broadly neutral in effect.

Type of business	2011	2010
Term Plans	8%-22%	10%-26%
Whole Life	0%-12%	0%-18%
Endowment	0%-27%	0%-27%
Reducing Term Assurance	0 - 2%	0 - 2%

Discount rate
Life insurance liabilities are determined as the sum of the discounted value of the expected benefits and future administration expenses directly related to the contract, less the discounted value of the expected theoretical premiums that would be required to meet these future cash outflows. Discount rates are based on zero-coupon spot yield of the Malaysian-Government Securities ("MGS"). Fund-based discount rates are based on the Company's internal experience.

A decrease in discount rate will increase the value of the insurance liability, therefore profits for shareholders will be reduced.

Type of business	2011	2010
Life Insurance	4.39%	4.56%

Sensitivities
The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non-linear.

Sensitivity information will also vary according to the current economic assumptions.

The analysis below is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on gross and net liabilities, and surplus before tax of the Life Insurance fund.

36. INSURANCE RISK (cont'd)

Life Insurance Contracts	Impact on Change in Assumptions %	Impact on Gross Liabilities RM'000	Impact on Net Liabilities RM'000	Profit before Tax RM'000
31 March 2011				
Mortality/morbidity	+10%	43,319	22,601	(22,601)
Investment return	-1%	53,347	53,347	(53,347)
Expenses	+10%	13,418	13,418	(13,418)
Lapse and surrender rates	+10%	(4,690)	(3,817)	3,817
Discount rate	-1%	87,589	83,047	(83,047)
31 March 2010				
Mortality/morbidity	+10%	31,011	15,078	(15,078)
Investment return	-1%	48,474	48,474	(48,474)
Expenses	+10%	12,571	12,571	(12,571)
Lapse and surrender rates	+10%	(3,350)	(3,226)	3,226
Discount rate	-1%	63,782	62,971	(62,971)

The method used and significant assumptions made for deriving sensitivity information did not change from the previous period.

37. FINANCIAL RISK

(1) Credit Risk

Credit risk is the risk of loss due to the default of a company, individual or country.

Credit risk includes the following six elements:

- Investment credit risk – financial loss arising from a change in the value of an investment due to a rating downgrade as default.
- Derivative counterparty risk – financial loss arising from a derivative counterparty's default, or the deterioration of the derivative counterparty's financial position.
- Reinsurance counterparty risk – financial loss arising from a reinsurer's default, or the deterioration of the reinsurer's financial position.
- Deposit risk – financial loss arising from a deposit institution's default, or the deterioration of the deposit institution's financial position.
- Loan risk – financial loss arising from a debtor's inability to repay all, or part, of its loan obligations to the Company or the deterioration of the debtor's financial position.
- Settlement risk – financial loss arising from the failure or substantial delay of an expected settlement in a transfer system to take place, due to the party other than the Company defaulting/not delivering on its settlement obligations.

The Company's primary exposure to credit risk arises through its investment in fixed income securities, receivables arising from sales of insurance policies, and obligations of reinsurers to the Company through reinsurance contracts. The Company has put in place credit policy and investments guidelines as a part of its overall credit risk management framework. The Company manages individual exposures as well as concentration of credit risks.

The Company is exposed to investment credit risk on its investment portfolio, primarily from investments in corporate bonds. Creditworthiness assessment for new and existing investments is undertaken by the Company in accordance with the Investment Policy as approved by the Investment Committee. In addition, the credit ratings of the Company's investment portfolio are regularly monitored and any downgrade in credit rating will be evaluated to determine actions required. The Company's investment portfolio is highly rated, with no material exposure below investment grade.

The Company is exposed to reinsurance counterparty risk in three ways:

- as a result of debts arising from claims made by the Company but not yet paid by the reinsurer
- from reinsurance premium payments made to the reinsurer in advance, and
- as a result of reserves held by the reinsurer which would have to be met by the Company in the event of default.

37.FINANCIAL RISK (cont'd)

In order to mitigate reinsurance counterparty risk, the Company will give due consideration to the credit quality of a reinsurer before entering into a reinsurance treaty. To facilitate this process, a list of acceptable reinsurers is maintained within the Company.

The Company is exposed to credit risk on the balances deposited with banks in the form of cash and money market instruments. The deposit risk for cash deposit and money market instruments are managed by placing only in financial institutions governed by BNM.

The Company is exposed to loan credit risk in relation to the following loan products:

- Policy loan
- Staff mortgage loan

Settlement risk is a form of credit risk that arises at the settlement of a transaction, as a result of a counterparty failing to perform its obligations to the Company. The Company is exposed to settlement risk in the following key areas:

- the purchase or sale of investments
- the purchase or sale of property

Objectives in managing credit risk

To mitigate credit risk:

- investment policies will have a prescribed minimum credit rating of bonds that will be held by the Company. Investing in a diversed portfolio reduces the financial impact to the Company arising from individual bond issuers defaulting.
- counterparty limits are set for investments, cash deposits, foreign exchange trade exposure and stock lending.
- the Company regularly reviews the financial security of its reinsurers.

Credit Exposure

The table below shows the maximum exposure to credit risk for the components of the balance sheet and items such as future commitments. The maximum exposure is shown gross, before the effect of mitigation through the use of master netting or collateral agreements.

31 March 2011	Note	Insurance and Shareholders' Funds RM'000	Unit-Linked RM'000	Total RM'000
HTM financial investments	8 (a)			
Corporate bond		617,716	-	617,716
LAR financial investments	8 (b)			
Malaysian government guaranteed loans		100,000	-	100,000
Policy loans		88,289	-	88,289
Mortgage loans		2,428	-	2,428
Staff loans		661	-	661
AFS financial investments	8 (c)			
Corporate bond		865,386	-	865,386
Negotiable Instruments of Deposits		51,302	-	51,302
HFT financial investments	8 (d)			
Malaysian government securities		-	4,996	4,996
Corporate bonds		-	3,023	3,023
Floating rate negotiable instruments deposits		-	255,258	255,258
Reinsurance assets	9	82,027	-	82,027
Insurance receivables	10	42,607	-	42,607
Other Receivables	11	52,196	90	52,286
		1,902,612	263,367	2,165,979

37.FINANCIAL RISK (cont'd)

Credit exposure by credit rating

The table below provides information regarding the credit risk exposures of the Company by classifying financial assets according to the Company's credit ratings of counterparties.

	Neither past due nor impaired								
31 March 2011	AAA RM'000	AA RM'000	A RM'000	B RM'000	GG RM'000	Not rated RM'000	Unit-Linked RM'000	Past due but not impaired* RM'000	Total RM'000
HTM financial investments									
Corporate bonds	311,317	206,387	64,963	-	35,049	-	-	-	617,716
LAR financial investments									
Malaysian government guaranteed loans	-	-	-	-	100,000	-	-	-	100,000
Policy loans	-	-	-	-	-	47,129	-	41,160	88,289
Mortgage loans	-	-	-	-	-	2,428	-	-	2,428
Staff loans	-	-	-	-	-	661	-	-	661
AFS financial investments									
Corporate bonds	320,435	418,526	84,386	12,880	29,159	-	-	-	865,386
Negotiable Instruments of Deposits	-	-	-	-	-	51,302	-	-	51,302
HFT financial investments									
Corporate bonds	-	-	-	-	-	-	3,023	-	3,023
Malaysian government securities	-	-	-	-	-	-	4,996	-	4,996
Floating rate negotiable instruments deposits	-	-	-	-	-	-	255,258	-	255,258
Reinsurance assets	-	1,321	2,846	6,178	-	71,682	-	-	82,027
Insurance receivables	-	-	-	-	-	35,741	-	6,866	42,607
Other Receivables	-	-	-	-	-	52,196	90	-	52,286
Total financial assets	631,752	626,234	152,195	19,058	164,208	261,139	263,367	48,026	2,165,979

* An ageing for financial assets past due is provided below.

37.FINANCIAL RISK (cont'd)

Age Analysis of Financial Assets Past-Due and Impaired Financial Assets

31 March 2011	Past due but not impaired <6 months RM'000	6 to 12 months RM'000	>12 months RM'000	Total RM'000	Past due and impaired RM'000
Policy loans	41,160	-	-	41,160	-
Staff loans	-	400			
Insurance receivables	6,866	-	-	6,866	312
	48,026	-	-	48,026	712

Past due but not impaired financial assets

Receivables have arranged to be settled and there is no indication that clients will not be able to meet their payments obligations.

Past due and impaired financial assets

Receivables that are impaired relate to debtors and contractual payments in arrears for more than 6 months.

Past due and impaired financial assets

Impairment means the Company considers it probable that it will suffer a loss on insurance receivable as a result of debtors' inability to meet their commitments according to the contractual terms and the absence of any alternative means of repayment or recovery.

Evidences of impairment are, where possible, assessed at individual account level, in particular, those that are individually significant.

Insurance receivable that are individually not significant and that are individually significant but no evidence that impairment is present are included in a pool of insurance receivables with similar credit risk characteristics for assessment on a collective basis.

Collective impairment is assessed using historical relationship between identified loss event and eventual evidence of impairment occurring in portfolios of similar risk characteristics.

At 31 March 2011, based on a collective assessment of receivables, there are impaired staff loan of RM400,000 (2010: RM405,000) and insurance receivables of RM6,241,000 (2010: RM1,001,000). A reconciliation of the allowance for impairment losses for loans and receivables and insurance receivables is as follows:

	Loans and Receivables		Insurance Receivables	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
At beginning of year	405	327	1,001	681
Charge for the year	-	78	-	320
Recoveries during the year	(5)	-	(689)	-
At end of year	400	405	312	1,001

Collateral

Credit risk is mitigated by entering into collateral agreements. For staff mortgage loans, the legal title of the properties are held as collateral.

The company's loan portfolio are generally secured by collateral with maximum loan to value ratio of 90%:

At 31 March 2011

RM'000	Type Of Collateral	Carrying Amount Of Loans	Fair value Of Collateral
Policy Loans	Cash Value Of Policies	88,289	214,723
Secured Loans	Properties	2,428	2,805

37.FINANCIAL RISK (cont'd)

(2) Liquidity Risk

Liquidity risk is the risk that an entity, although solvent, either does not have sufficient financial resources available to it in order to meet its obligations when they fall due, or can secure them only at excessive cost.

Age Analysis of Financial Assets Past-Due and Impaired Financial Assets

- Shareholder liquidity risk (liquidity within funds managed for the benefit of shareholders, including shareholders' interests in long-term funds)
- Policyholder liquidity risk (liquidity within funds managed for the benefit of policyholders).

The overall objective of shareholder liquidity risk management is to ensure there are sufficient funds available to meet the cash flow needs of the business. The overall objective of policyholder liquidity risk is to ensure that sufficient liquid funds are available to meet cash flow requirements under all except for the most extreme scenarios (the exception being the property funds where a six months notice period may be imposed for switches and withdrawals). The same is true for liquidity risk in its investors' funds.

The Company will meet shareholder liquidity needs arising in a number of key areas as described below:

- The ability to support the liquidity requirements arising from new business.
- The capacity to maintain dividend payments/loan repayments and interest payables.
- The ability to cope with the liquidity implications of strategic initiatives, such as merger and acquisition activity.
- The capacity to provide financial support across the Company.
- The ability to fund its day-to-day cash flow requirements.

For policyholders' funds, liquidity needs arise from a number of potential areas, including:
- A short-term mismatch between cash flows of assets and cash flow requirements of liabilities.
- Having to realize assets to meet liabilities during stressed market conditions.
- Investments in illiquid assets such as property and private placement debt.
- Higher than expected level of lapses/surrenders caused by economic shock, adverse reputational issues or other events.
- Higher than expected payments of claims on insurance contracts.
- The implementation of temporary restrictions for the withdrawal of funds, as recently applied by extending the notice periods of switches and withdrawals from property funds.

Exposure to policyholder liquidity risk can be split between non-linked and linked funds. As a general rule, the Company is more likely to be significantly impacted by policyholder liquidity risk on non-linked funds, as opposed to linked funds where policyholder benefits are expressed directly as units held in an underlying fund.

Liquidity risk is managed in the following way:

- Forecasts are prepared regularly to predict required liquidity levels over both the short and medium-term.
- A credit facility with a syndicate of banks exists to enable cash to be raised in a relatively short time-span.
- Assets of a suitable maturity and marketability are held to meet policyholder liabilities as they fall due.
- Limits and internal asset classes on the level of investment are set by BNM to ensure amongst other objectives appropriate level of exposure to non-liquid assets.

Expected utilisation or settlement of assets

The table below summarises the expected utilisation or settlement of assets:

2011	Current* RM'000	Non-Current RM'000	Unit-linked RM'000	Total RM'000
Financial instruments:				
HTM	49,992	567,724	-	617,716
LAR	331,260	298,900	30,517	660,677
AFS	134,382	858,631	-	993,013
HFT	5,957	-	284,984	290,941
Reinsurance assets	82,027	-	-	82,027
Insurance receivables	42,607	-	-	42,607
Other receivables	77,308	-	123	77,431
Cash and bank balances	11,388	-	24	11,412
Total assets	734,921	1,725,255	315,648	2,775,824

* expected utilisation or settlement within 12 months from the Balance Sheet date.

37. FINANCIAL RISK (cont'd)

Maturity Profiles

The table below summarises the maturity profile of the financial assets and liabilities of the Company based on remaining undiscounted contractual obligations, including interest payable and receivable.

For insurance contracts liabilities and reinsurance assets, maturity profiles are determined based on estimated timing of net cash outflows from the recognised insurance liabilities.

Unearned premiums and the reinsurers' share of unearned premiums have been excluded from the analysis as they are not contractual obligations. Unit-linked liabilities are repayable or transferable on demand and are included in the "up to a year" column. Repayments which are subject to notice are treated as if notice were to be given immediately.

31 March 2011	Carrying Value RM'000	Up to 1 year RM'000	1-3 years RM'000	3-5 years RM'000	5-15 years years RM'000	Over 15 years RM'000	No maturity date RM'000	Total RM'000
Financial instruments:								
HTM	617,716	52,026	50,324	198,758	505,818	61,561	-	868,487
LAR	660,677	483,108	-	-	-	144,461	88,829	716,398
AFS	993,013	59,640	157,517	248,474	736,282	86,466	76,325	1,364,704
HFT	290,941	252,421	13,856	25,977	292,254			
Reinsurance assets	82,027	-	-	-	-	-	82,027	82,027
Insurance receivables	42,607	-	-	-	-	-	42,607	42,607
Other receivables	77,431	-	-	-	-	-	77,431	77,431
Cash and bank balances	11,412	-	-	-	-	-	11,412	11,412
Total financial assets	2,775,824	594,774	460,262	461,088	1,242,100	292,488	404,608	3,455,320
Insurance contract liabilities	2,556,175	(1,100)	389,250	527,183	659,730	2,237,571	-	3,812,634
Insurance payables	32,499	-	-	-	-	-	32,499	32,499
Other payables	136,776	-	-	-	-	-	136,776	136,776
Total financial liabilities	2,725,450	(1,100)	389,250	527,183	659,730	2,237,571	169,275	3,981,909

(3) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the values of, or the income from, assets or in interest or exchange rates. Market risk includes the following four elements:

- Equity risk – the risk of fluctuations in fair value or future cash flows of a financial instrument arising from a change of or volatility in equity prices or income
- Foreign exchange risk – the risk of fluctuations in fair value or future cash flows of a financial instrument arising from a change of or volatility in exchange rates
- Interest rate risk – the risk of fluctuations in fair value or future cash flows of a financial instrument arising from a change of or volatility in interest rates
- Property risk – the risk of fluctuations in fair value or future cash flows of a financial instrument arising from a change of or volatility in real estate values or income.

(a) Foreign exchange risk (currency risk)

The Company is exposed to foreign exchange risk through its investment in foreign operations, fee income derived from financial instruments denominated in currencies other than its functional currency (Ringgit Malaysia), and revenues receivable in foreign currency.

The Company's main foreign exchange risk is from investment in foreign unit trust which is dominated in United States dollar.

At the reporting date, the Company has no significant exposure of foreign exchange risk.

The Company does not engage in derivative transactions for speculative purpose.

37. FINANCIAL RISK (cont'd)

(b) Interest rate risk

The Company is exposed to fair value interest rate risk where changes to interest rates result in changes to fair values rather than cash flows, for example fixed interest rate bonds. Conversely, floating rate loans expose the Company to cash flow interest rate risk.

Bond related performance benchmarks within fund mandates are set so that asset profiles match liability profiles as closely as possible. This mitigates against interest rate risk.

Day-to-day investment decisions around the management of interest rate risk and its impact on the value of the Company investments are largely undertaken on behalf of the Company by AmInvestment ("AmInv"), within the boundaries set by fund mandates. In its decision making on fixed income investments, AmInv will assess the extent of interest rate risk allowed by the fund as set out in the fund objectives and relative to the defined performance benchmarks. The methodology followed by the Company to manage interest rate risk within each specific fund is an integral part of the asset management approach adopted. Investment policy takes account amongst others the Basis-Point Value ("BPV") to measure the maximum loss of a fixed income portfolio of a 0.01 parallel movement in the yield curve.

The following table demonstrated the sensitivity to a reasonableness change in interest rates on the fair value or future cash flows on the debt securities, Negotiable instruments of deposits, loans and deposits with licensed banks:

	Impact on profit before tax RM'000	Impact on net liabilities RM'000	Impact on equity RM'000
31 March 2011			
Changes in Interest Rates			
+100 bps	2,553	(71,820)	(2,436)
-100 bps	(2,553)	22,220	2,010

(c) Equity risk

Equity risk, as defined above, are accepted in accordance with agreed risk appetite in order to achieve the desired level of return from policyholders assets.

The management of equity investments is undertaken by the Company. In its decision-making on equity investments, the Company will assess the extent of equity risk required or allowed by the fund as set out in the fund objectives and relative to defined performance benchmarks. The methodology followed by the Company to manage equity risk within each fund is an integral part of the asset management approach adopted. Investment policy takes account amongst others the Value at Risks ("VaR") to measure the maximum loss in market value of an equity portfolio within a given time span and at a given confidence level.

(d) Price Risk

Price risk is the risk of fluctuations in fair value or future cash flows of a financial statement arising from a change in volatility in market indices.

The following table demonstrated the sensitivity to a reasonable change in market indices on the equity securities, as well as unit and property trust funds:

	Impact on surplus before tax RM'000	Impact on net liabilities RM'000	Impact on equity RM'000
31 March 2011			
Changes in Market Indices			
KLCI + 15%	169	10,154	1,597
KLCI - 15%	(169)	(10,154)	(1,597)

(e) Operational risks

Operational risk is the risk of loss arising from system failure, human error, fraud or external events. The BRMC aims to maintain an appropriate control environment to keep the exposure to operational risks in line with the agreed risk appetite, recognising that operational risks may arise in the normal course of business even when carried out in line with the the Company's policies and BNM's regulation.

38. REGULATORY CAPITAL REQUIREMENTS

The total capital available of the Company as at 31 March 2011, as prescribed under the RBC framework is provided below:

	2011 RM'000	2010 RM'000
Eligible Tier 1 Capital		
Share capital (paid up)	100,000	100,000
Reserves, including retained earnings	696,965	624,826
	796,965	724,826
Tier 2 Capital		
Eligible reserves	8,891	36,460
TOTAL CAPITAL AVAILABLE	**805,856**	**761,285**

39. INSURANCE FUNDS

The Company's activities are organised by funds and segregated into the Shareholders', Life and Investment-Linked funds in accordance with the Insurance Act, 1996 and Insurance Regulations, 1996.

Balance Sheet by Funds
As at 31 March 2011

	Shareholders' Fund			Life Fund			Investment-Linked Fund			TOTAL		
	2011 RM'000	2010 RM'000	1.4.2009 RM'000	2011 RM'000	2010 RM'000	1.4.2009 RM'000	2011 RM'000	2010 RM'000	1.4.2009 RM'000	2011 RM'000	2010 RM'000	1.4.2009 RM'000
Assets												
Property and equipment	-	-	-	35,349	34,957	30,439	-	-	-	35,349	34,957	30,439
Investment in subsidiary	-	6,000	6,000	-	-	-	-	-	-	-	6,000	6,000
Investment properties	-	-	-	91,545	84,193	84,193	-	-	-	91,545	84,193	84,193
Reinsurance asset	-	-	-	82,027	27,934	16,411	-	-	-	82,027	27,934	16,411
Intangible assets	-	-	-	38,404	24,055	20,904	-	-	-	38,404	24,055	20,904
Investments	152,632	161,791	58,011	2,094,218	1,885,034	1,653,737	315,497	272,905	175,922	2,562,347	2,319,730	1,887,670
Insurance receivables	-	-	-	42,607	29,742	38,615	-	-	-	42,607	29,742	38,615
Other receivables	2,838	6,992	2,035	74,470	48,870	24,443	123	331	518	77,431	56,193	26,996
Cash and bank balances	1	1	1	11,387	9,604	8,464	24	22	39	11,412	9,627	8,504
TOTAL ASSETS	155,471	174,784	66,047	2,470,007	2,144,389	1,877,206	315,644	273,258	176,479	2,941,122	2,592,431	2,119,732

Notes to the Financial Statements (cont'd)

39. INSURANCE FUNDS (cont'd)

Equity, Policyholders' Fund and Liabilities

	Shareholders' Fund			Life Fund			Investment-Linked Fund			TOTAL		
	2011 RM'000	2010 RM'000	1.4.2009 RM'000	2011 RM'000	2010 RM'000	1.4.2009 RM'000	2011 RM'000	2010 RM'000	1.4.2009 RM'000	2011 RM'000	2010 RM'000	1.4.2009 RM'000
Total Equity	197,985	170,251	130,025	-	-	-	-	-	-	197,985	170,251	130,025
Insurance contract liabilities	-	-	-	2,251,907	1,971,009	1,656,854	304,268	267,064	174,426	2,556,175	2,238,073	1,831,280
Other liabilities and interfunds balances	(42,514)	4,533	(63,978)	218,100	173,380	220,352	11,376	6,194	2,053	186,962	184,107	158,427
Total liabilities	(42,514)	4,533	(63,978)	2,470,007	2,144,389	1,877,206	315,644	273,258	176,479	2,743,137	2,422,180	1,989,707
TOTAL POLICYHOLDERS' FUNDS AND LIABILITIES	155,471	174,784	66,047	2,470,007	2,144,389	1,877,206	315,644	273,258	176,479	2,941,122	2,592,431	2,119,732

Income Statement by Funds
For the year ended 31 March

	Shareholders' Funds		Life Fund		TOTAL	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Operating revenue	5,887	5,084	657,283	685,986	663,170	691,070
Gross premiums	-	-	540,717	583,349	540,717	583,349
Premiums ceded to reinsurers	-	-	(38,920)	(35,791)	(38,920)	(35,791)
Net premiums	-	-	501,797	547,558	501,797	547,558
Investment Income	5,887	5,084	116,566	102,637	122,453	107,721
Realised gains and losses	5,405	-	20,215	13,994	25,620	13,994
Fair value gains and losses	22	-	7,085	24,174	7,107	24,174
Fee income	-	-	5,255	433	5,255	433
Other operating expenses/(income)	109	1,531	(640)	(11,433)	(531)	(9,902)
Other revenue	11,423	6,615	148,481	129,805	159,904	136,420
Gross benefits and claims paid	-	-	(182,618)	(153,351)	(182,618)	(153,351)
Claims ceded to reinsurers	-	-	25,549	23,421	25,549	23,421
Gross change to contract liabilities	-	-	(267,063)	(300,500)	(267,063)	(300,500)
Change in contract liabilities to reinsurers	-	-	42,529	5,350	42,529	5,350
	-	-	(381,603)	(425,080)	(381,603)	(425,080)

39. INSURANCE FUNDS (cont'd)

	Shareholders' Funds		Life Fund		Total	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Fee and commission expenses	-	-	(116,744)	(139,807)	(116,744)	(139,807)
Management expenses	(1,473)	(1,054)	(73,789)	(68,682)	(75,262)	(69,736)
Other expenses	(1,473)	(1,054)	(190,533)	(208,489)	(192,006)	(209,543)
Profit from operations	9,950	5,561	78,142	43,794	88,092	49,355
Transfer from/(to) Revenue Accounts*	64,800	36,000	(64,800)	(36,000)	-	-
Profit from operations	74,750	41,561	13,342	7,794	88,092	49,355
Finance Costs	(378)	(1,579)	-	-	(378)	(1,579)
Profit before tax	74,372	39,982	13,342	7,794	87,714	47,776
Taxation (Note 28)	(18,871)	(858)	(13,342)	(7,794)	(32,213)	(8,652)
Net profit/surplus after Tax	55,501	39,124	-	-	55,501	39,124

* The amount transferred from the Life Fund's Revenue Accounts to the Shareholders' Fund's Income Statement is net of tax.

Investment-Linked Fund Balance Sheet

	2011 RM'000	2010 RM'000	1.4.2009 RM'000
Assets			
Investments	315,497	272,905	178,928
Other assets	147	353	557
Total assets	315,644	273,258	179,485
Liabilities			
Other liabilities	11,376	6,194	2,053
	11,376	6,194	2,053
Net assets value of funds	**304,268**	**267,064**	**177,432**

Investment-Linked Fund Income Statement

	2011 RM'000	2010 RM'000
Investment income	755	447
Realized gains and losses	6,544	156
Other income	-	1,643
Fair value gains and losses	3,633	3,984
	10,932	6,230
Management expenses	(2,445)	(2,234)
Profit before taxation	8,487	3,996
Taxation	(1,054)	(387)
	7,433	3,609
Net creation of units	110,418	94,490
Net cancellation of units	(80,647)	(5,461)
Movement in Net Asset Value attributable to unit holders (Note 15)	37,204	92,638

39. INSURANCE FUNDS (cont'd)

Information on Cash Flows by Funds
As at 31 March 2011

	Shareholders' Funds		Life Fund		TOTAL	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Cash flows from:						
Operating activities	1	1	76,934	13,168	76,935	13,169
Investing activities	-	-	(75,149)	(12,046)	(75,149)	(12,046)
Financing activities	(1)	(1)	-	-	(1)	(1)
Net increase in cash and cash equivalents:	-	-	1,785	1,122	1,785	1,122
At beginning of year	1	1	9,626	8,504	9,627	8,505
At end of year	1	1	11,411	9,626	11,412	9,627

40. COMPARATIVES

Certain comparative figures in the Balance Sheet and Income Statement as at 31 March 2010 have been reclassified to conform with current year's presentation.

	Previously stated RM'000	Re-classification RM'000	Restated RM'000
Balance Sheet			
Receivables/other receivables			
- Shareholders' fund	6,992	(6,992)	-
- Life Fund			
Trade	27,443	(27,443)	-
Others	26,813	(26,813)	-
- Investment-linked Business	331	(331)	-
	61,579	(61,579)	-
Insurance Receivables	-	29,742	29,742
Other receivables	-	34,136	34,136
Payables/other payables			
- Shareholders' fund	(1,230)	1,230	-
- Life Fund			
Trade	(13,337)	13,337	-
Others	(116,386)	116,386	-
- Investment-linked Business	(5,913)	5,913	-
	(136,866)	136,866	-
Insurance payables	-	(15,636)	(15,636)
Other payables	-	(123,529)	(123,529)
	(75,287)	-	(75,287)

40.COMPARATIVES (cont'd)

	Previously stated RM'000	Re-classification RM'000	Restated RM'000
Insurance reserves			
- Life policyholders' fund	(1,913,259)	1,913,259	-
- Unitholders' account	(267,064)	267,064	-
Provision for outstanding claims	(29,816)	29,816	-
Insurance contract liabilities	-	(2,238,073)	(2,238,073)
	(71,004)		
Reinsurance Assets	-	27,934	27,934
	(2,210,139)	-	(2,210,139)
Income Statement			
Claims/policy benefits paid and payable	(129,930)	129,930	-
Gross benefits and claims paid	-	(153,351)	(153,351)
Claims ceded to reinsurers	-	23,421	23,421
	(129,930)	-	(129,930)
Other operating income/(expenses)			
- Shareholders' fund	1,531	(1,538)	(7)
- Life Fund	27,167	(37,062)	(9,895)
Total	28,698	(38,600)	(9,902)
Realised gains and losses	-	13,993	13,993
Fair value gains and losses	-	24,174	24,174
Fee income	-	433	433
	28,698	-	28,698
Movements in life policyholders' fund	(295,150)	295,150	-
Gross change to contract liabilities	-	(300,500)	(300,500)
Change in contract liabilities ceded to reinsurers	-	5,350	5,350
	(295,150)	-	(295,150)

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