

Unaudited Condensed Interim Financial Statements

For The Half-Year Ended 30 June 2016

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**UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016**

	Note	30.06.2016 RM'000	31.12.2015 RM'000
ASSETS			
Property, plant and equipment		21,555	23,473
Intangible assets		9,882	11,137
Investment properties		330,450	330,437
Investments	12	7,570,923	7,464,970
Available-for-sale financial assets		5,686,783	5,665,938
Financial assets at fair value through profit or loss		1,421,665	1,365,618
Loans and receivables		462,475	433,414
Reinsurance assets	14	223,214	194,600
Insurance receivables		76,341	100,205
Other receivables		194,421	98,558
Tax recoverable		35,088	32,706
Non-current assets held-for-sale		-	143,102
Deferred tax assets		33,365	39,916
Cash and cash equivalents		324,118	249,523
Total assets		8,819,357	8,688,627
EQUITY, POLICYHOLDERS' FUNDS AND LIABILITIES			
Share capital		579,000	579,000
Retained earnings		706,723	663,879
Other reserves		47,250	17,084
Total equity		1,332,973	1,259,963
Insurance contract liabilities	15	5,318,350	5,468,214
Deferred tax liabilities		97,900	108,903
Other liabilities		143,515	181,367
Insurance payables		1,894,097	1,649,759
Provision for life agents' retirement benefits		590	629
Current tax liabilities		31,932	19,792
Total liabilities		7,486,384	7,428,664
Total equity, policyholders' funds and liabilities		8,819,357	8,688,627

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

**UNAUDITED CONDENSED STATEMENT OF PROFIT OR LOSS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2016**

	6 months ended 30.06.2016 RM'000	6 months ended 30.06.2015 RM'000
Gross earned premiums	681,400	689,147
Premiums ceded to reinsurers	(90,334)	(63,484)
Net earned premiums	591,066	625,663
Investment income	169,909	160,494
Realised gains and losses	15,218	17,978
Fair value gains and losses	(14,427)	(21,297)
Fee and commission income	10,727	7,082
Other revenue	181,427	164,257
Total revenue	772,493	789,920
Gross benefits and claims paid	(749,474)	(375,566)
Claims ceded to reinsurers	33,496	15,707
Gross change to contract liabilities	209,988	(169,206)
Change in contract liabilities ceded to reinsurers	17,634	11,453
Net claims	(488,356)	(517,612)
Fee and commission expenses	(92,697)	(90,516)
Management expenses	(134,069)	(136,607)
Other operating income - net	370	3,348
Other expenses	(226,396)	(223,775)
Profit before taxation	57,741	48,533
Taxation	(14,897)	(8,947)
Net profit for the financial period	42,844	39,586
Basic/diluted earnings per share (cents)	7.40	6.84

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

**UNAUDITED CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2016**

	6 months ended 30.06.2016 RM'000	6 months ended 30.06.2015 RM'000
Profit for the financial period	42,844	39,586
Other comprehensive income/(loss):		
Item that may be subsequently reclassified to profit or loss		
Fair value change on available-for-sale financial assets, net of deferred tax:		
- Gross fair value change	84,383	36,546
- Deferred tax	(7,432)	(3,669)
Net gains	76,951	32,877
Change in insurance contract liabilities arising from net fair value changes	(46,785)	(26,893)
Other comprehensive gain for the period, net of tax	30,166	5,984
Total comprehensive income for the financial period	73,010	45,570

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

**UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2016**

	Issued and fully paid ordinary shares of RM1 each		Non-distributable		Retained earnings			Total RM'000
	Numbers of shares	Nominal value	Available- for-sale fair value reserve	Asset revaluation reserve	Non-Par unallocated surplus ¹	Distributable retained earnings	Total retained earnings	
	'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 January 2016	579,000	579,000	5,956	11,128	343,569	320,310	663,879	1,259,963
(Loss)/profit for the financial period	-	-	-	-	(8,412)	51,256	42,844	42,844
Other comprehensive income for the financial period	-	-	30,166	-	-	-	-	30,166
At 30 June 2016	<u>579,000</u>	<u>579,000</u>	<u>36,122</u>	<u>11,128</u>	<u>335,157</u>	<u>371,566</u>	<u>706,723</u>	<u>1,332,973</u>
At 1 January 2015	579,000	579,000	15,044	11,050	286,877	325,759	612,636	1,217,730
Profit for the financial period	-	-	-	-	18,240	21,346	39,586	39,586
Other comprehensive loss for the financial period	-	-	5,984	-	-	-	-	5,984
At 30 June 2015	<u>579,000</u>	<u>579,000</u>	<u>21,028</u>	<u>11,050</u>	<u>305,117</u>	<u>347,105</u>	<u>652,222</u>	<u>1,263,300</u>

¹In accordance with the Financial Services Act, 2013 the unallocated surplus of the Non-Participating ("Non-Par") fund is only available for distribution to the shareholders upon approval by the Appointed Actuary. There was no transfer from Non-par fund unallocated surplus for the financial period ended 30 June 2016.

**UNAUDITED CONDENSED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2016**

	6 months ended 30.06.2016 RM'000	6 months ended 30.06.2015 RM'000
OPERATING ACTIVITIES		
Cash utilised in operating activities	(69,464)	(263,195)
Dividend/distribution income received	21,536	19,362
Interest/profit income received	130,772	127,295
Rental income on investment properties received	9,540	6,948
Income tax paid	(17,026)	(19,327)
Net cash inflows/(outflows) from operating activities	<u>75,358</u>	<u>(128,917)</u>
INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	5	-
Purchase of property, plant and equipment	(279)	(1,894)
Purchase of intangible assets	(489)	(571)
Net cash outflows from investing activities	<u>(763)</u>	<u>(2,465)</u>
Net increase/(decrease) in cash and cash equivalents	74,595	(131,382)
Cash and cash equivalents at the beginning of the financial period	<u>249,523</u>	<u>384,459</u>
Cash and cash equivalents at the end of the financial period	<u><u>324,118</u></u>	<u><u>253,077</u></u>
Cash and cash equivalents comprise:		
Cash and bank balances	<u>324,118</u>	<u>253,077</u>
	<u><u>324,118</u></u>	<u><u>253,077</u></u>

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

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The unaudited condensed interim financial statements have been prepared in accordance with the Malaysian Financial Reporting Standard ("MFRS"). The unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements for the financial year ended 31 December 2015, which were prepared in accordance with the Malaysian Financial Reporting Standards.

The explanatory notes attached to the unaudited condensed interim financial statements provide an explanation of events and transactions that are significant to gain an understanding of the change in the financial position and performance of the Company since the financial year ended 31 December 2015.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted by the Company for the unaudited condensed interim financial statements are consistent with those adopted in the Company's audited financial statements for the financial year ended 31 December 2015, except for the adoption of the following:

MFRSs, Interpretations and amendments	Effective Date
• Amendments to MFRS 5, <i>Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)</i>	1 January 2016
• Amendments to MFRS 7, <i>Financial Instruments: Disclosures (Annual Improvements 2011 – 2014 Cycle)</i>	1 January 2016
• Amendments to MFRS 101, <i>Presentation of Financial Statements – Disclosure Initiative</i>	1 January 2016
• Amendments to MFRS 119, <i>Employee Benefits (Annual Improvements 2012 – 2014 Cycle)</i>	1 January 2016
• Amendments to MFRS 134, <i>Interim Financial Reporting (Annual Improvements 2012 – 2014 Cycle)</i>	1 January 2016
• Amendments to MFRS 116 and MFRS 138, <i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>	1 January 2016

The adoption of the abovementioned standards, amendments and interpretations issued by Malaysian Accounting Standards Board ("MASB") in the current financial year did not have any material impact to the unaudited condensed interim financial statements of the Company.

3. AUDITOR'S REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditor's report on the audited financial statements for the financial year ended 31 December 2015 was not qualified.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

4. SEASONAL OR CYCLICAL FACTORS

The Company's business operations are not significantly affected by any unusual seasonal or cyclical factors.

5. UNUSUAL ITEMS

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the current financial period under review.

6. CHANGE IN ACCOUNTING ESTIMATES

There were no material changes in basis used for accounting estimates for the current financial period to date.

7. DEBT AND EQUITY SECURITIES

There were no issuances or repayments of debt and equity securities for the current financial period under review.

8. DIVIDEND PAYMENT

There was no dividend paid during the current financial period under review.

9. MATERIAL SUBSEQUENT EVENTS

There were no material subsequent events from the end of the current financial period under review to the date of these interim financial statements.

10. CHANGES IN COMPOSITION OF THE COMPANY

There were no changes in composition of the Company during the current financial period under review.

11. CONTINGENT LIABILITIES

There are no contingent liabilities as at the date of this report since the date of the last annual statement of financial position.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

12. INVESTMENTS

	30.06.2016	31.12.2015
	RM'000	RM'000
Malaysian Government Securities/ Government Investment Issues	1,093,043	1,105,907
Corporate debt securities	4,331,338	4,297,930
Equity securities	1,276,919	1,214,667
Unit trusts	407,148	413,052
Loans	462,475	433,414
	<u>7,570,923</u>	<u>7,464,970</u>

The Company's financial investments are summarised by measurement categories as follows:

Available-for-sale ("AFS") financial assets	5,686,783	5,665,938
Fair value through profit or loss ("FVTPL") financial assets	1,421,665	1,365,618
Loans and receivables ("LAR")	462,475	433,414
	<u>7,570,923</u>	<u>7,464,970</u>

Investments that mature after 12 months:

AFS financial assets	4,954,431	5,007,697
FVTPL financial assets	223,282	220,352
LAR	237	7,811
	<u>5,177,950</u>	<u>5,235,860</u>

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

13. FAIR VALUE MEASUREMENTS

(a) Determination of fair value and fair value hierarchy

The Company classifies fair value measurement using a fair value hierarchy that reflects the significant of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - Quoted market price

Included in the quoted price category are financial instruments that are measured in whole or in part by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, secondary market via dealer and broker, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2 - Valuation Techniques - Market Observable Input

Financial instruments and non-financial instruments are measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions are instruments for which pricing is obtained via pricing services but where prices have not been determined in an active market, instruments with fair values based on broker quotes and discounted cash flows, agency asset backed securities and non-agency asset backed securities with Bloomberg composite rating correspond AAA and investment in structured products with fair values obtained via investment bankers and/or fund managers.

Non-financial instruments which its assets class is investment properties are also measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions as well as the discounted cash flows (at the discount rates ranged from 5% to 6.25%) of the current rental income based on usual tenancy term in open market value.

Level 3 - Valuation Techniques - Unobservable input

Non-market observable inputs mean 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 are unquoted equity securities, non-agency asset backed securities with Bloomberg composite rating does not correspond AAA, non-performing loans and debt securities from organisations in default. Valuation techniques of these portfolios are used to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the instrument at the measurement date. However, the fair value measurement objective remains the same, that is, an exit price from the perspective of the Company. Therefore, unobservable inputs reflect the Company's own assumptions about the assumptions that market participants would use in pricing the instrument (including assumptions about risk). These inputs are developed based on the best information available, which might include the Company's own data and judgments. The judgment applied in valuing the non-performing loans is explained in Note 3 (a)(iii) of the audited financial statements.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

13. FAIR VALUE MEASUREMENTS (CONTINUED)

(b) Financial instruments and non-financial assets carried at fair value

The following tables show the Company's financial instruments and non-financial assets which are measured at fair value at the reporting date analysed by the various levels within the fair value hierarchy:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<u>30 June 2016</u>				
AFS financial assets:				
- Malaysian Government Securities/Government Investment Issues	-	1,073,656	-	1,073,656
- Corporate debt securities	-	4,118,807	4,540	4,123,347
- Equity securities	232,748	-	8,895	241,643
- Unit trusts	248,137	-	-	248,137
FVTPL financial assets:				
- Malaysian Government Securities/Government Investment Issues	-	19,387	-	19,387
- Corporate debt securities	-	207,991	-	207,991
- Equity securities	1,035,276	-	-	1,035,276
- Unit trusts	84,063	74,948	-	159,011
Non-financial assets				
Investment properties	-	330,450	-	330,450
Non-current assets held-for-sale	-	-	-	-
	<u>1,600,224</u>	<u>5,825,239</u>	<u>13,435</u>	<u>7,438,898</u>

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

13. FAIR VALUE MEASUREMENTS (CONTINUED)

(b) Financial instruments and non-financial assets carried at fair value (continued)

The following tables show the Company's financial instruments and non-financial assets which are measured at fair value at the reporting date analysed by the various levels within the fair value hierarchy:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<u>31 December 2015</u>				
AFS financial assets:				
- Malaysian Government Securities/Government Investment Issues	-	1,090,191	-	1,090,191
- Corporate debt securities	-	4,085,653	4,540	4,090,193
- Equity securities	233,853	-	8,895	242,748
- Unit trusts	5,613	237,193	-	242,806
FVTPL financial assets:				
- Malaysian Government Securities/Government Investment Issues	-	15,716	-	15,716
- Corporate debt securities	-	207,737	-	207,737
- Equity securities	971,919	-	-	971,919
- Unit trusts	75,709	94,537	-	170,246
Non-financial assets				
Investment properties	-	330,437	-	330,437
Non-current assets held-for-sale	-	143,102	-	143,102
	<u>1,287,094</u>	<u>6,204,566</u>	<u>13,435</u>	<u>7,505,095</u>

14. REINSURANCE ASSETS

	30.06.2016	31.12.2015
	RM'000	RM'000
Reinsurers' share of insurance contract liabilities (Note 15)	<u>223,214</u>	<u>194,600</u>

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

15. INSURANCE CONTRACT LIABILITIES

		30.06.2016			31.12.2015		
	Note	Gross RM'000	Re- insurance RM'000	Net RM'000	Gross RM'000	Re- insurance RM'000	Net RM'000
Life insurance	15(a)	4,481,706	(55,330)	4,426,376	4,672,409	(51,985)	4,620,424
General insurance	15(b)	836,644	(167,884)	668,760	795,805	(142,615)	653,190
		<u>5,318,350</u>	<u>(223,214)</u>	<u>5,095,136</u>	<u>5,468,214</u>	<u>(194,600)</u>	<u>5,273,614</u>
		30.06.2016			31.12.2015		
		Gross RM'000	Re- insurance RM'000	Net RM'000	Gross RM'000	Re- insurance RM'000	Net RM'000
(a) Life Insurance:							
Liability for future policyholders' benefits		3,438,609	(23,698)	3,414,911	3,622,009	(23,167)	3,598,842
Net asset value attributable to unitholders		942,045	-	942,045	965,185	-	965,185
Actuarial liabilities		4,380,654	(23,698)	4,356,956	4,587,194	(23,167)	4,564,027
Claims liabilities		72,866	(31,632)	41,234	63,598	(28,818)	34,780
		<u>4,453,520</u>	<u>(55,330)</u>	<u>4,398,190</u>	<u>4,650,792</u>	<u>(51,985)</u>	<u>4,598,807</u>
Life Participating Fund:							
- Unallocated deficit		(86,695)	-	(86,695)	(46,479)	-	(46,479)
- Available-for-sale reserves		93,891	-	93,891	47,106	-	47,106
- Asset revaluation reserve		20,990	-	20,990	20,990	-	20,990
		<u>4,481,706</u>	<u>(55,330)</u>	<u>4,426,376</u>	<u>4,672,409</u>	<u>(51,985)</u>	<u>4,620,424</u>

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

15. INSURANCE CONTRACT LIABILITIES (CONTINUED)

(a) Life Insurance (continued)

	Gross			Reinsurance			
	With DPF	Without DPF	Total	With DPF	Without DPF	Total	Net
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Actuarial liabilities</u>							
At 1 January 2015	3,037,981	1,607,725	4,645,706	(5,011)	(17,132)	(22,143)	4,623,563
Benefit and claims experience variation	(146,093)	19,664	(126,429)	(1,454)	430	(1,024)	(127,453)
Change due to valuation basis:							
Model enhancement	7,976	(4,253)	3,723	-	-	-	3,723
Yield movement	-	(20,768)	(20,768)	-	-	-	(20,768)
Assumption changes	11,912	(4,169)	7,743	-	-	-	7,743
Net asset value attributable to unitholders	-	77,219	77,219	-	-	-	77,219
At 31 December 2015	2,911,776	1,675,418	4,587,194	(6,465)	(16,702)	(23,167)	4,564,027
Benefit and claims experience variation	(215,286)	(1,404)	(216,690)	(156)	(375)	(531)	(217,221)
Change due to valuation basis:							
Model enhancement	(14,269)	(285)	(14,554)	-	-	-	(14,554)
Yield movement	-	47,844	47,844	-	-	-	47,844
Assumption changes	-	-	-	-	-	-	-
Net asset value attributable to unitholders	-	(23,140)	(23,140)	-	-	-	(23,140)
At 30 June 2016	<u>2,682,221</u>	<u>1,698,433</u>	<u>4,380,654</u>	<u>(6,621)</u>	<u>(17,077)</u>	<u>(23,698)</u>	<u>4,356,956</u>

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

15. INSURANCE CONTRACT LIABILITIES (CONTINUED)

(a) Life Insurance (continued)

	Gross			Reinsurance			
	With DPF	Without DPF	Total	With DPF	Without DPF	Total	Net
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Claims liabilities</u>							
At 1 January 2015	30,760	26,392	57,152	(3,341)	(8,935)	(12,276)	44,876
Movement in claim provisions	518	5,928	6,446	(2,272)	(14,270)	(16,542)	(10,096)
At 31 December 2015	31,278	32,320	63,598	(5,613)	(23,205)	(28,818)	34,780
Movement in claim provisions	3,913	5,355	9,268	307	(3,121)	(2,814)	6,454
At 30 June 2016	<u>35,191</u>	<u>37,675</u>	<u>72,866</u>	<u>(5,306)</u>	<u>(26,326)</u>	<u>(31,632)</u>	<u>41,234</u>

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

15. INSURANCE CONTRACT LIABILITIES (CONTINUED)

(a) Life Insurance (continued)

	30.06.2016			31.12.2015		
	With DPF	Without DPF*	Total	With DPF	Without DPF*	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Unallocated surplus/(deficit)</u>						
At 1 January	(46,479)	343,569	297,090	(59,695)	286,877	227,182
Premium received	87,268	242,834	330,102	201,685	530,836	732,521
Payment due to death, surrenders, benefits and claims	(414,295)	(162,009)	(576,304)	(552,718)	(270,145)	(822,863)
Net investment income	115,529	20,813	136,342	180,153	90,492	270,645
Management expenses and commissions	(23,063)	(91,719)	(114,782)	(44,373)	(184,944)	(229,317)
Change in life insurance fund actuarial liabilities	225,642	(28,370)	197,272	125,687	(73,621)	52,066
Change in claims liabilities	463	(2,741)	(2,278)	(819)	(14,701)	(15,520)
Tax expense	(9,401)	12,780	3,379	(10,618)	(21,225)	(31,843)
(Refund to)/temporary funding from Shareholders' Fund	(22,359)	-	(22,359)	114,219	-	114,219
Net (deficit)/surplus for the financial period/year	<u>(40,216)</u>	<u>(8,412)</u>	<u>(48,628)</u>	<u>13,216</u>	<u>56,692</u>	<u>69,908</u>
At 30 June/31 December	<u>(86,695)</u>	<u>335,157</u>	<u>248,462</u>	<u>(46,479)</u>	<u>343,569</u>	<u>297,090</u>

*The unallocated surplus of the Life Non-Participating fund is reported under non-distributable retained earnings in the statement of changes in equity.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

15. INSURANCE CONTRACT LIABILITIES (CONTINUED)

(a) Life Insurance (continued)

	30.06.2016	31.12.2015
	RM'000	RM'000
<u>Available-for-sale reserves</u>		
At 1 January	47,106	58,289
Fair value change on available-for-sale financial assets, net of tax:		
- Gross fair value change	49,532	(11,962)
- Deferred taxation	(2,747)	779
	<u>46,785</u>	<u>(11,183)</u>
At 30 June/31 December	<u>93,891</u>	<u>47,106</u>
<u>Asset revaluation reserves</u>	<u>20,990</u>	<u>20,990</u>

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

15. INSURANCE CONTRACT LIABILITIES (CONTINUED)

(b) General Insurance

	30.06.2016			31.12.2015		
	Gross	Re- insurance	Net	Gross	Re- insurance	Net
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Provision for claims	339,194	(73,843)	265,351	330,313	(61,268)	269,045
Provision for incurred but not reported claims ("IBNR")	175,250	(19,057)	156,193	156,631	(11,720)	144,911
Claim liabilities	514,444	(92,900)	421,544	486,944	(72,988)	413,956
Premium liabilities	322,200	(74,984)	247,216	308,861	(69,627)	239,234
	<u>836,644</u>	<u>(167,884)</u>	<u>668,760</u>	<u>795,805</u>	<u>(142,615)</u>	<u>653,190</u>

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

15. INSURANCE CONTRACT LIABILITIES (CONTINUED)

(b) General Insurance (continued)

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

	30.06.2016			31.12.2015		
	Gross	Re- insurance	Net	Gross	Re- insurance	Net
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Claims liabilities</u>						
At 1 January	486,944	(72,988)	413,956	446,621	(66,580)	380,041
Claims incurred in the current accident period/year	125,585	(21,740)	103,845	245,678	(18,501)	227,177
Other movements in claims incurred in prior accident period/years	31,592	543	32,135	25,398	(6,489)	18,909
Claims paid during the financial period/year	(148,296)	8,622	(139,674)	(272,599)	24,540	(248,059)
Movement in IBNR reserves	18,619	(7,337)	11,282	41,846	(5,958)	35,888
At 30 June/31 December	<u>514,444</u>	<u>(92,900)</u>	<u>421,544</u>	<u>486,944</u>	<u>(72,988)</u>	<u>413,956</u>
			30.06.2016			31.12.2015
	Gross	Re- insurance	Net	Gross	Re- insurance	Net
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Premium liabilities</u>						
At 1 January	308,861	(69,627)	239,234	311,860	(63,778)	248,082
Premium written in the financial period/year	334,136	(65,190)	268,946	639,540	(120,438)	519,102
Premium earned during the financial period/year	<u>(320,797)</u>	<u>59,833</u>	<u>(260,964)</u>	<u>(642,539)</u>	<u>114,589</u>	<u>(527,950)</u>
At 30 June/31 December	<u>322,200</u>	<u>(74,984)</u>	<u>247,216</u>	<u>308,861</u>	<u>(69,627)</u>	<u>239,234</u>

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

16. TOTAL CAPITAL AVAILABLE

The regulated capital of the Company as at 30 June 2016 comprised capital available of RM2,170,110,425 (31 December 2015: RM2,148,519,326).

The capital structure of the Company as at 30 June 2016, as prescribed under the RBC Framework, is shown below:

	30.06.2016	31.12.2015
	RM'000	RM'000
<u>Tier 1 Capital</u>		
Paid-up share capital	579,000	579,000
Reserves, including retained earnings	<u>1,487,144</u>	<u>1,535,943</u>
	2,066,144	2,114,943
<u>Tier 2 Capital</u>		
Assets revaluation reserves	24,910	24,910
Available-for-sale reserves	112,420	48,582
Less:		
Deferred tax assets	<u>(33,364)</u>	<u>(39,916)</u>
Total Capital Available	<u><u>2,170,110</u></u>	<u><u>2,148,519</u></u>

17. CAPITAL AND OTHER COMMITMENTS

Capital expenditure not provided for in the interim financial statements is as follows:

	30.06.2016	31.12.2015
	RM'000	RM'000
Authorised and contracted for:		
- investment properties	<u><u>409</u></u>	<u><u>409</u></u>

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

18. LEASE COMMITMENTS

The lease commitments are in respect of rented premises and hire equipment, all of which are reclassified as operating leases. A summary of the non-cancellable long-term commitments is as follows:

	30.06.2016	31.12.2015
	RM'000	RM'000
Within one year	4,537	3,980
One year to less than five years	3,145	4,607
	<u>7,682</u>	<u>8,587</u>

19. INSURANCE FUNDS

The Company's operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products for different markets. The operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Company has three (3) operating segments and the following summary described the operations in each of the Company's operating segments:

- Life insurance – underwriting life insurance business, including investment-linked and annuity business
- General insurance – underwriting of all classes of general insurance business
- Shareholders' fund of the insurance business

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

19. INSURANCE FUNDS (continued)

Unaudited Condensed Statement of Financial Position by Funds As at 30 June 2016

	Life Fund	General Fund	Share- holders' fund	Total
	RM'000	RM'000	RM'000	RM'000
Assets				
Property, plant and equipment	17,474	4,081	-	21,555
Intangible assets	5,111	4,771	-	9,882
Investment properties	219,250	11,960	99,240	330,450
Investments	6,082,123	721,932	766,868	7,570,923
AFS	4,210,506	721,746	754,531	5,686,783
FVTPL	1,421,665	-	-	1,421,665
LAR	449,952	186	12,337	462,475
Reinsurance assets	55,330	167,884	-	223,214
Insurance receivables	26,344	49,997	-	76,341
Other receivables	118,291	75,800	330	194,421
Tax recoverable	22,922	3,011	9,155	35,088
Non-current assets held-for-sale	-	-	-	-
Deferred tax assets	-	-	33,365	33,365
Cash and cash equivalents	273,370	7,741	43,007	324,118
Total assets	6,820,215	1,047,177	951,965	8,819,357
Equity, policyholders' funds and liabilities				
Share capital	-	-	579,000	579,000
Retained earnings	335,157	21,134	350,432	706,723
Other reserves	28,073	8,934	10,243	47,250
Total equity	363,230	30,068	939,675	1,332,973
Insurance contract liabilities	4,481,706	836,644	-	5,318,350
Deferred tax liabilities	93,767	4,133	-	97,900
Other liabilities	70,735	72,046	734	143,515
Insurance payables	1,799,093	95,004	-	1,894,097
Provision for life agents' retirement benefits	590	-	-	590
Current tax liabilities	13,587	8,814	9,531	31,932
Total liabilities	6,459,478	1,016,641	10,265	7,486,384
Total equity, policyholders' funds and liabilities	6,822,708	1,046,709	949,940	8,819,357
Inter-fund balances	(2,493)	468	2,025	-

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

19. INSURANCE FUNDS (continued)

Unaudited Condensed Statement of Financial Position by Funds As at 31 December 2015

	Life fund	General fund	Share- holders' fund	Total
	RM'000	RM'000	RM'000	RM'000
Assets				
Property, plant and equipment	19,042	4,431	-	23,473
Intangible assets	6,219	4,918	-	11,137
Investment properties	219,269	11,928	99,240	330,437
Investments	6,054,975	720,464	689,531	7,464,970
AFS	4,268,487	720,257	677,194	5,665,938
FVTPL	1,365,618	-	-	1,365,618
LAR	420,870	207	12,337	433,414
Reinsurance assets	51,985	142,615	-	194,600
Insurance receivables	39,747	60,458	-	100,205
Other receivables	21,198	76,947	413	98,558
Tax recoverable	20,540	3,011	9,155	32,706
Non-current assets held-for-sale	142,882	220	-	143,102
Deferred tax assets	-	-	39,916	39,916
Cash and cash equivalents	210,986	22,900	15,637	249,523
Total assets	6,786,843	1,047,892	853,892	8,688,627
Equity, policyholders' funds and liabilities				
Share capital	-	-	579,000	579,000
Retained earnings	343,569	-	320,310	663,879
Other reserves	6,916	2,743	7,425	17,084
Total equity	350,485	2,743	906,735	1,259,963
Insurance contract liabilities	4,672,409	795,805	-	5,468,214
Deferred tax liabilities	106,610	2,293	-	108,903
Other liabilities	96,153	80,185	5,029	181,367
Insurance payables	1,553,092	96,667	-	1,649,759
Provision for life agents' retirement benefits	629	-	-	629
Current tax liabilities	6,450	7,360	5,982	19,792
Total liabilities	6,435,343	982,310	11,011	7,428,664
Total equity, policyholders' funds and liabilities	6,785,828	985,053	917,746	8,688,627
Inter-fund balances	1,015	62,839	(63,854)	-

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

19. INSURANCE FUNDS (continued)

Unaudited Condensed Statement of Profit or Loss by Funds
For the six months period ended 30 June 2016

	Life fund	General fund	Share- holders' fund	Total
	RM'000	RM'000	RM'000	RM'000
Gross earned premiums	360,603	320,797	-	681,400
Premiums ceded to reinsurers	(30,501)	(59,833)	-	(90,334)
Net earned premiums	330,102	260,964	-	591,066
Investment income	144,022	10,706	15,181	169,909
Realised gains and losses	6,779	(322)	8,761	15,218
Fair value gains and losses	(14,459)	32	-	(14,427)
Fee and commission income	1,724	9,003	-	10,727
Other revenue	138,066	19,419	23,942	181,427
Total revenue	468,168	280,383	23,942	772,493
Gross benefits and claims paid	(601,178)	(148,296)	-	(749,474)
Claims ceded to reinsurers	24,874	8,622	-	33,496
Gross change to contract liabilities	237,488	(27,500)	-	209,988
Change in contract liabilities ceded to reinsurers	(2,278)	19,912	-	17,634
Net claims	(341,094)	(147,262)	-	(488,356)
Fee and commission expenses	(54,555)	(38,142)	-	(92,697)
Management expenses	(61,340)	(68,116)	(4,613)	(134,069)
Other operating (expenses)/income – net	(611)	1,433	(452)	370
Other expenses	(116,506)	(104,825)	(5,065)	(226,396)
Profit before taxation	10,568	28,296	18,877	57,741
(Refund to)/temporary transfer from	(22,359)	-	22,359	-
Taxation	3,379	(7,162)	(11,114)	(14,897)
Net (loss)/profit for the financial period	(8,412)	21,134	30,122	42,844

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

19. INSURANCE FUNDS (continued)

Unaudited Condensed Statement of Profit or Loss by Funds
For the six months period ended 30 June 2015

	Life fund	General fund	Share- holders' fund	Total
	RM'000	RM'000	RM'000	RM'000
Gross earned premiums	368,023	321,124	-	689,147
Premiums ceded to reinsurers	(10,009)	(53,475)	-	(63,484)
Net earned premiums	358,014	267,649	-	625,663
Investment income	135,870	10,643	13,981	160,494
Realised gains and losses	8,144	1,130	8,704	17,978
Fair value gains and losses	(21,297)	-	-	(21,297)
Fee and commission income	150	6,932	-	7,082
Other revenue	122,867	18,705	22,685	164,257
Total revenue	480,881	286,354	22,685	789,920
Gross benefits and claims paid	(256,439)	(119,127)	-	(375,566)
Claims ceded to reinsurers	2,572	13,135	-	15,707
Gross change to contract liabilities	(101,213)	(67,993)	-	(169,206)
Change in contract liabilities ceded to reinsurers	4,646	6,807	-	11,453
Net claims	(350,434)	(167,178)	-	(517,612)
Fee and commission expense	(52,484)	(38,032)	-	(90,516)
Management expenses	(58,480)	(68,353)	(9,774)	(136,607)
Other operating income/(expenses) – net	78	3,720	(450)	3,348
Other expenses	(110,886)	(102,665)	(10,224)	(223,775)
Profit before taxation	19,561	16,511	12,461	48,533
(Refund to)/temporary transfer from	-	-	-	-
Taxation	(1,321)	(4,135)	(3,491)	(8,947)
Net profit for the financial period	18,240	12,376	8,970	39,586

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

19. INSURANCE FUNDS (continued)

Investment-linked Fund
Unaudited Condensed Statement of Financial Position

	30.06.2016	31.12.2015
	RM'000	RM'000
Assets		
Investments		
FVTPL	861,379	885,424
Other receivables	758	3,668
Cash and cash equivalents	85,872	78,470
Total assets	948,009	967,562
Liabilities		
Insurance contract liabilities	942,045	965,185
Deferred tax liabilities	289	2,298
Other liabilities	1,018	1,104
Current tax liabilities	4,320	3,474
Total liabilities	947,672	972,061
Inter-fund balances	337	(4,499)
Net asset value of funds	948,009	967,562

Investment-linked Fund
Unaudited Condensed Statement of Profit or Loss
For the six months period ended 30 June 2016

	30.06.2016	30.06.2015
	RM'000	RM'000
Investment income	15,842	15,898
Realised gains and losses	(3,417)	4,322
Fair value gains and losses	(18,073)	(10,180)
	(5,648)	10,040
Fee and commission expenses	(6,673)	(6,930)
Management expenses	(18)	(18)
Other operating income – net	73	16
(Deficit)/surplus before taxation	(12,266)	3,108
Taxation	1,164	(803)
(Deficit)/surplus after taxation for the financial period	(11,102)	2,305

