

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

For The Half-Year Ended 30 June 2017

CONTENTS	PAGES
UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION	1
UNAUDITED CONDENSED STATEMENT OF PROFIT OR LOSS	2
UNAUDITED CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	3
UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY	4
UNAUDITED CONDENSED STATEMENT OF CASH FLOW	5
NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS	6 - 28

**UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017**

	Note	30.06.2017 RM'000	31.12.2016 RM'000
ASSETS			
Property, plant and equipment		16,251	15,706
Intangible assets		4,181	4,239
Investment properties		303,250	303,490
Investments	12	7,256,065	7,051,996
Available-for-sale financial assets		5,295,404	5,275,699
Financial assets at fair value through profit or loss		1,562,346	1,396,545
Loans and receivables		398,315	379,752
Reinsurance assets	14	29,905	29,208
Insurance receivables		32,630	34,801
Other receivables		17,033	14,715
Tax recoverable		28,992	27,910
Deferred tax assets		25,534	31,467
Cash and cash equivalents		159,815	186,377
Assets of a disposal group classified as held-for-sale	15	1,120,061	1,058,932
Total assets		8,993,717	8,758,841
EQUITY, POLICYHOLDERS' FUNDS AND LIABILITIES			
Share capital		579,000	579,000
Retained earnings		868,165	816,882
Other reserves		36,916	20,887
Reserves of a disposal group classified as held-for-sale	15	11,395	1,385
Total equity		1,495,476	1,418,154
Insurance contract liabilities	16	4,412,591	4,461,662
Deferred tax liabilities		116,984	113,592
Other liabilities		81,057	77,258
Insurance payables		1,861,638	1,683,968
Provision for life agents' retirement benefits		447	554
Current tax liabilities		14,471	12,830
Liabilities of a disposal group assets classified as held-for-sale	15	1,011,053	990,823
Total liabilities		7,498,241	7,340,687
Total equity, policyholders' funds and liabilities		8,993,717	8,758,841

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 2017**

	6 months ended 30.06.2017 RM'000	6 months ended 30.06.2016 RM'000
Continuing operations		
Gross earned premiums	371,142	360,603
Premiums ceded to reinsurers	(29,200)	(30,501)
Net earned premiums	<u>341,942</u>	<u>330,102</u>
Investment income	164,902	159,203
Realised gains and losses	9,626	15,540
Fair value gains and losses	108,998	(14,459)
Fee and commission income	495	1,724
Other revenue	<u>284,021</u>	<u>162,008</u>
Total revenue	<u>625,963</u>	<u>492,110</u>
Gross benefits and claims paid	(555,073)	(601,178)
Claims ceded to reinsurers	22,566	24,874
Gross change to contract liabilities	73,985	237,488
Change in contract liabilities ceded to reinsurers	98	(2,278)
Net claims	<u>(458,424)</u>	<u>(341,094)</u>
Fee and commission expenses	(57,478)	(54,555)
Management expenses	(63,231)	(65,953)
Other operating expenses - net	(5,432)	(1,063)
Other expenses	<u>(126,141)</u>	<u>(121,571)</u>
Profit before taxation from continuing operations	41,398	29,445
Taxation	(20,889)	(7,735)
Net profit for the financial period from continuing operations	<u>20,509</u>	<u>21,710</u>
Discontinued operations:		
Net profit for the financial period from discontinued operations	<u>30,774</u>	<u>21,134</u>
Net profit for the financial period	<u>51,283</u>	<u>42,844</u>
Basic/diluted earnings per share (sen)		
Continuing operations	3.54	3.75
Discontinued operations	5.32	3.65
	<u>8.86</u>	<u>7.40</u>

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 2017**

	6 months ended 30.06.2017 RM'000	6 months ended 30.06.2016 RM'000
Net profit for the financial period	51,283	42,844
Other comprehensive income:		
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	57,177	84,383
- Deferred tax	(6,224)	(7,432)
Net gains	50,953	76,951
Change in insurance contract liabilities arising from net fair value changes	(24,914)	(46,785)
Other comprehensive income for the financial period, net of tax	26,039	30,166
Comprising:		
Continuing operations	16,029	23,975
Discontinued operations	10,010	6,191
	26,039	30,166
Total comprehensive income for the financial period	77,322	73,010
Comprising:		
Continuing operations	36,538	45,685
Discontinued operations	40,784	27,325
	77,322	73,010

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 2017**

	Issued and fully paid ordinary shares of RM1 each		Non-distributable			Retained earnings			Total
	Numbers of shares	Nominal value	Available- for-sale fair value reserve	Asset re- valuation reserve	Reserves of a disposal group classified as held-for-sale	Non-Par unallocated surplus ¹	Distributable retained earnings	Total retained earnings	
	'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2017	579,000	579,000	9,759	11,128	1,385	388,948	427,934	816,882	1,418,154
(Loss)/profit for the financial period	-	-	-	-	-	(7,086)	58,369	51,283	51,283
Other comprehensive income for the financial period	-	-	16,029	-	10,010	-	-	-	26,039
At 30 June 2017	<u>579,000</u>	<u>579,000</u>	<u>25,788</u>	<u>11,128</u>	<u>11,395</u>	<u>381,862</u>	<u>486,303</u>	<u>868,165</u>	<u>1,495,476</u>
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>-</u>	<u>335,157</u>	<u>371,566</u>	<u>706,723</u>	<u>1,332,973</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 2017.

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

**UNAUDITED CONDENSED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2017**

	6 months ended 30.06.2017 RM'000	6 months ended 30.06.2016 RM'000
OPERATING ACTIVITIES		
Cash utilised in operating activities	(174,691)	(69,464)
Dividend/distribution income received	24,169	21,536
Interest/profit income received	136,561	130,772
Rental income on investment properties received	4,592	9,540
Income tax paid	<u>(14,067)</u>	<u>(17,026)</u>
Net cash (outflows)/inflows from operating activities	<u>(23,436)</u>	<u>75,358</u>
INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	-	5
Purchase of property, plant and equipment	(2,126)	(279)
Purchase of intangible assets	<u>(1,000)</u>	<u>(489)</u>
Net cash outflows from investing activities	<u>(3,126)</u>	<u>(763)</u>
Net (decrease)/increase in cash and cash equivalents	(26,562)	74,595
Cash and cash equivalents at the beginning of the financial period	<u>186,377</u>	<u>249,523</u>
Cash and cash equivalents at the end of the financial period	<u>159,815</u>	<u>324,118</u>
Cash and cash equivalents comprise:		
Cash and bank balances	<u>159,815</u>	<u>324,118</u>
	<u>159,815</u>	<u>324,118</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 2016, 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 2016.

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 2016, except for the adoption of the following:

MFRSs, Interpretations and amendments	Effective Date
<ul style="list-style-type: none">Amendments to MFRS 107 “Statement of Cash Flows – Disclosure Initiative” introduce an additional disclosure on changes in liabilities arising from financing activities.	1 January 2017
<ul style="list-style-type: none">Amendments to MFRS 112 “Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses” clarify the requirements for recognising deferred tax assets on unrealised losses arising from deductible temporary difference on asset carried at fair value.	1 January 2017

In addition, in evaluating whether an entity will have sufficient taxable profits in future periods against which deductible temporary differences can be utilised, the amendments require an entity to compare the deductible temporary differences with future taxable profits that excludes tax deductions resulting from the reversal of those temporary differences.

The amendments shall be applied retrospectively.

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 2016 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. SIGNIFICANT AND SUBSEQUENT EVENTS

Paragraph 16 of the Financial Services Act 2013 ("FSA") does not allow a licensed insurer to carry on both life and general businesses and as such existing composite insurers are required to convert the composite license to single licences before 1 July 2018.

On 7 July 2017, the Company had obtained the approval from the Minister of Finance for the Scheme of Business Transfer of its General Insurance business. The Scheme of Business Transfer will be executed in accordance with the provisions of the FSA and subject to a vesting order of the High Court of Malaysia. The proposed transfer is expected to be completed in the fourth quarter of 2017.

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

	30.06.2017	31.12.2016
	RM'000	RM'000
Malaysian Government Securities/ Government Investment Issues	933,184	1,154,983
Corporate debt securities	4,328,527	4,102,467
Equity securities	1,397,373	1,239,747
Unit trusts	198,666	175,047
Loans	381,274	379,752
Fixed and Call Deposits	17,041	-
	<u>7,256,065</u>	<u>7,051,996</u>

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

Available-for-sale ("AFS") financial assets	5,295,404	5,275,699
Fair value through profit or loss ("FVTPL") financial assets	1,562,346	1,396,545
Loans and receivables ("LAR")	398,315	379,752
	<u>7,256,065</u>	<u>7,051,996</u>

Investments that mature after 12 months:

AFS financial assets	4,851,165	4,846,725
FVTPL financial assets	175,232	175,912
LAR	8,470	7,457
	<u>5,034,867</u>	<u>5,030,094</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>
Continuing operations				
<u>30 June 2017</u>				
AFS financial assets:				
- Malaysian Government Securities/Government Investment Issues	-	917,803	-	917,803
- Corporate debt securities	-	4,164,828	1,300	4,166,128
- Equity securities	200,035	-	11,438	211,473
FVTPL financial assets:				
- Malaysian Government Securities/Government Investment Issues	-	15,381	-	15,381
- Corporate debt securities	-	162,399	-	162,399
- Equity securities	1,185,900	-	-	1,185,900
- Unit trusts	78,805	119,861	-	198,666
Non-financial assets				
Investment properties	-	303,250	-	303,250
	<u>1,464,740</u>	<u>5,683,522</u>	<u>12,738</u>	<u>7,161,000</u>
Discontinued operations				
<u>30 June 2017</u>				
AFS financial assets:				
- Malaysian Government Securities/Government Investment Issues	-	134,311	-	134,311
- Corporate debt securities	-	319,358	970	320,328
- Equity securities	61,630	-	-	61,630
- Unit trusts	-	272,554	-	272,554
Non-financial assets				
Investment properties	-	11,960	-	11,960
	<u>61,630</u>	<u>738,183</u>	<u>970</u>	<u>800,783</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>
Continuing operations				
<u>31 December 2016</u>				
AFS financial assets:				
- Malaysian Government Securities/Government Investment Issues	-	1,139,852	-	1,139,852
- Corporate debt securities	-	3,937,064	2,600	3,939,664
- Equity securities	183,722	-	11,438	195,160
- Unit trusts	1,023	-	-	1,023
FVTPL financial assets:				
- Malaysian Government Securities/Government Investment Issues	-	15,131	-	15,131
- Corporate debt securities	-	162,803	-	162,803
- Equity securities	1,044,587	-	-	1,044,587
- Unit trusts	76,128	97,896	-	174,024
Non-financial assets				
Investment properties	-	303,490	-	303,490
	<u>1,305,460</u>	<u>5,656,236</u>	<u>14,038</u>	<u>6,975,734</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>
Discontinued operations				
<u>31 December 2016</u>				
AFS financial assets:				
- Malaysian Government Securities/Government Investment Issues	-	135,167	-	135,167
- Corporate debt securities	-	304,695	1,940	306,635
- Equity securities	52,138	-	-	52,138
- Unit trusts	290	246,182	-	246,472
Non-financial assets				
Investment properties	-	11,960	-	11,960
	<u>52,428</u>	<u>698,004</u>	<u>1,940</u>	<u>752,372</u>

14. REINSURANCE ASSETS

	30.06.2017	31.12.2016
	RM'000	RM'000
Reinsurers' share of insurance contract liabilities (Note 16(a))	<u>29,905</u>	<u>29,208</u>

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

15. DISPOSAL GROUP CLASSIFIED AS HELD-FOR-SALE

As described in Note 9, the General Insurance business will be transferred and accordingly, the statement of financial position, statement of profit or loss, statement of comprehensive income and statement of cash flows of the General Insurance Fund have been classified as discontinued operations.

The components of assets and liabilities held-for-sale attributable to the discontinued operations were as follows:

(i) Assets of a disposal group classified as held-for-sale

	30.06.2017 RM'000	31.12.2016 RM'000
Property, plant and equipment	4,444	3,886
Intangible assets	3,254	3,967
Investment properties	11,960	11,960
Investments	789,160	740,619
AFS	788,823	740,412
LAR	337	207
Reinsurance assets	161,564	147,836
Insurance receivables	56,744	60,547
Other receivables	65,249	63,582
Tax recoverable	3,011	3,011
Cash and cash equivalents	24,675	23,524
Total	<u>1,120,061</u>	<u>1,058,932</u>

The investment for a disposal group classified as held-for-sale are summarised as follows:

	30.06.2017 RM'000	31.12.2016 RM'000
AFS financial assets		
Malaysian Government Securities/Government Investment		
Issues	134,311	135,167
Corporate debt securities	320,328	306,635
Equity securities	61,630	52,138
Unit trusts	272,554	246,472
	<u>788,823</u>	<u>740,412</u>

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

15. DISPOSAL GROUP CLASSIFIED AS HELD-FOR-SALE (CONTINUED)

(ii) Reserves of a disposal group classified as held-for-sale

	30.06.2017	31.12.2016
	RM'000	RM'000
Available-for-sale reserve	<u>11,395</u>	<u>1,385</u>

(iii) Liabilities of a disposal group classified as held-for-sale

	30.06.2017	31.12.2016
	RM'000	RM'000
Insurance contract liabilities (Note 16)	796,097	789,987
Deferred tax liabilities	4,174	1,566
Other liabilities	72,569	73,364
Insurance payables	125,993	116,287
Current tax liabilities	<u>12,220</u>	<u>9,619</u>
	<u>1,011,053</u>	<u>990,823</u>

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

16. INSURANCE CONTRACT LIABILITIES

		30.06.2017			31.12.2016		
	Note	Gross RM'000	Re- insurance RM'000	Net RM'000	Gross RM'000	Re- insurance RM'000	Net RM'000
Life insurance	16(a)	4,412,591	(29,905)	4,382,686	4,461,662	(29,208)	4,432,454
General insurance – discontinued operations	16(b)	796,097	(161,564)	634,533	789,987	(147,836)	642,151
		<u>5,208,688</u>	<u>(191,469)</u>	<u>5,017,219</u>	<u>5,251,649</u>	<u>(177,044)</u>	<u>5,074,605</u>
		30.06.2017			31.12.2016		
		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		3,333,179	(23,895)	3,309,284	3,455,039	(23,497)	3,431,542
Net asset value attributable to unitholders		981,369	-	981,369	913,765	-	913,765
Actuarial liabilities		4,314,548	(23,895)	4,290,653	4,368,804	(23,497)	4,345,307
Claims liabilities		78,080	(6,010)	72,070	80,585	(5,711)	74,874
		<u>4,392,628</u>	<u>(29,905)</u>	<u>4,362,723</u>	<u>4,449,389</u>	<u>(29,208)</u>	<u>4,420,181</u>
Life Participating Fund:							
- Unallocated deficit		(88,699)	-	(88,699)	(71,475)	-	(71,475)
- Available-for-sale reserve		87,672	-	87,672	62,758	-	62,758
- Asset revaluation reserve		20,990	-	20,990	20,990	-	20,990
		<u>4,412,591</u>	<u>(29,905)</u>	<u>4,382,686</u>	<u>4,461,662</u>	<u>(29,208)</u>	<u>4,432,454</u>

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

16. 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 2016	2,911,776	1,675,418	4,587,194	(6,465)	(16,702)	(23,167)	4,564,027
Benefit and claims experience variation	(171,676)	12,228	(159,448)	(765)	435	(330)	(159,778)
Change due to valuation basis:							
Model enhancement	(14,361)	(286)	(14,647)	-	-	-	(14,647)
Yield movement	-	(6,402)	(6,402)	-	-	-	(6,402)
Assumption changes	12,683	844	13,527	-	-	-	13,527
Net asset value attributable to unitholders	-	(51,420)	(51,420)	-	-	-	(51,420)
At 31 December 2016	2,738,422	1,630,382	4,368,804	(7,230)	(16,267)	(23,497)	4,345,307
Benefit and claims experience variation	(159,662)	(4,757)	(164,419)	(596)	198	(398)	(164,817)
Change due to valuation basis:							
Model enhancement	-	-	-	-	-	-	-
Yield movement	-	42,559	42,559	-	-	-	42,559
Assumption changes	-	-	-	-	-	-	-
Net asset value attributable to unitholders	-	67,604	67,604	-	-	-	67,604
At 30 June 2017	<u>2,578,760</u>	<u>1,735,788</u>	<u>4,314,548</u>	<u>(7,826)</u>	<u>(16,069)</u>	<u>(23,895)</u>	<u>4,290,653</u>

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

16. 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 2016	31,278	32,320	63,598	(851)	(3,521)	(4,372)	59,226
Movement in claim provisions	15,090	1,897	16,987	21	(1,360)	(1,339)	15,648
At 31 December 2016	46,368	34,217	80,585	(830)	(4,881)	(5,711)	74,874
Movement in claim provisions	(7,892)	5,387	(2,505)	(515)	216	(299)	(2,804)
At 30 June 2017	<u>38,476</u>	<u>39,604</u>	<u>78,080</u>	<u>(1,345)</u>	<u>(4,665)</u>	<u>(6,010)</u>	<u>72,070</u>

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

16. INSURANCE CONTRACT LIABILITIES (CONTINUED)

(a) Life Insurance (continued)

	30.06.2017			31.12.2016		
	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	(71,475)	388,948	317,473	(46,479)	343,569	297,090
Premium received	81,286	260,656	341,942	187,545	522,053	709,598
Payment due to death, surrenders, benefits and claims	(366,192)	(166,315)	(532,507)	(547,810)	(397,277)	(945,087)
Net investment income	156,507	109,551	266,058	240,125	76,411	316,536
Management expenses and commissions	(22,189)	(99,775)	(121,964)	(25,869)	(183,181)	(209,050)
Change in life insurance fund actuarial liabilities	167,554	(110,793)	56,761	158,264	43,139	201,403
Change in claims liabilities	80	18	98	787	(1,794)	(1,007)
Tax expense	(10,858)	(428)	(11,286)	(12,006)	(13,972)	(25,978)
Refund to Shareholders' Fund	(23,412)	-	(23,412)	(26,032)	-	(26,032)
Net (deficit)/surplus for the financial period/year	<u>(17,224)</u>	<u>(7,086)</u>	<u>(24,310)</u>	<u>(24,996)</u>	<u>45,379</u>	<u>20,383</u>
At 30 June/31 December	<u>(88,699)</u>	<u>381,862</u>	<u>293,163</u>	<u>(71,475)</u>	<u>388,948</u>	<u>317,473</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

16. INSURANCE CONTRACT LIABILITIES (CONTINUED)

(a) Life Insurance (continued)

	30.06.2017	31.12.2016
	RM'000	RM'000
<u>Available-for-sale reserves</u>		
At 1 January	62,758	47,106
Fair value change on available-for-sale financial assets, net of tax:		
- Gross fair value change	26,088	16,409
- Deferred taxation	<u>(1,174)</u>	<u>(757)</u>
	<u>24,914</u>	<u>15,652</u>
At 30 June/31 December	<u>87,672</u>	<u>62,758</u>
	30.06.2017	31.12.2016
	RM'000	RM'000
Asset revaluation reserves	<u>20,990</u>	<u>20,990</u>

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

16. INSURANCE CONTRACT LIABILITIES (CONTINUED)

(b) General Insurance – discontinued operations

	30.06.2017			31.12.2016		
	Gross	Re- insurance	Net	Gross	Re- insurance	Net
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Provision for claims	340,493	(77,192)	263,301	330,428	(70,303)	260,125
Provision for incurred but not reported claims ("IBNR")	163,779	(22,728)	141,051	166,243	(19,586)	146,657
Claim liabilities	504,272	(99,920)	404,352	496,671	(89,889)	406,782
Premium liabilities	291,825	(61,644)	230,181	293,316	(57,947)	235,369
	<u>796,097</u>	<u>(161,564)</u>	<u>634,533</u>	<u>789,987</u>	<u>(147,836)</u>	<u>642,151</u>

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

16. INSURANCE CONTRACT LIABILITIES (CONTINUED)

(b) General Insurance – discontinued operations (continued)

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

	30.06.2017			31.12.2016		
	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	496,671	(89,889)	406,782	486,944	(72,988)	413,956
Claims incurred in the current accident period/year	108,711	(14,991)	93,720	256,778	(28,152)	228,626
Other movements in claims incurred in prior accident period/years	47,569	(5,683)	41,886	44,646	(3,244)	41,402
Claims paid during the financial period/year	(146,215)	13,785	(132,430)	(301,309)	22,361	(278,948)
Movement in IBNR reserves	(2,464)	(3,142)	(5,606)	9,612	(7,866)	1,746
At 30 June/31 December	<u>504,272</u>	<u>(99,920)</u>	<u>404,352</u>	<u>496,671</u>	<u>(89,889)</u>	<u>406,782</u>
<u>Premium liabilities</u>						
At 1 January	293,316	(57,947)	235,369	308,861	(69,627)	239,234
Premium written in the financial period/year	318,115	(58,859)	259,256	651,036	(128,054)	522,982
Premium earned during the financial period/year	(319,606)	55,162	(264,444)	(666,581)	139,734	(526,847)
At 30 June/31 December	<u>291,825</u>	<u>(61,644)</u>	<u>230,181</u>	<u>293,316</u>	<u>(57,947)</u>	<u>235,369</u>

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

17. TOTAL CAPITAL AVAILABLE

The regulated capital of the Company as at 30 June 2017 comprised capital available of RM2,272,382,000 (31 December 2016: RM2,229,508,000).

The capital structure of the Company as at 30 June 2017, as prescribed under the RBC Framework, is shown below:

	30.06.2017	31.12.2016
	RM'000	RM'000
<u>Tier 1 Capital</u>		
Paid-up share capital	579,000	579,000
Reserves, including retained earnings	<u>1,589,897</u>	<u>1,592,500</u>
	<u>2,168,897</u>	<u>2,171,500</u>
<u>Tier 2 Capital</u>		
Assets revaluation reserves	24,910	24,910
Available-for-sale reserves	<u>104,109</u>	<u>64,565</u>
	<u>129,019</u>	<u>89,475</u>
Less:		
Deferred tax assets	<u>(25,534)</u>	<u>(31,467)</u>
Total Capital Available	<u><u>2,272,382</u></u>	<u><u>2,229,508</u></u>

18. CAPITAL AND OTHER COMMITMENTS

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

	30.06.2017	31.12.2016
	RM'000	RM'000
Authorised and contracted for:		
- investment properties	<u>409</u>	<u>409</u>

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

19. 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:

	30.06.2017	31.12.2016
	RM'000	RM'000
Within one year	9,617	6,774
One year to less than five years	9,154	5,429
	<u>18,771</u>	<u>12,203</u>

20. 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

The statement of financial position and statement of profit or loss of the General Insurance Fund have been classified as discontinued operations pursuant to the event described in Note 9.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

20. INSURANCE FUNDS (continued)

**Unaudited Condensed Statement of Financial Position by Funds
As at 30 June 2017**

	Continuing operations			Dis-continued operations
	Life Fund	Share-holders' Fund	Total	General Fund
	RM'000	RM'000	RM'000	RM'000
Assets				
Property, plant and equipment	16,251	-	16,251	4,444
Intangible assets	4,181	-	4,181	3,254
Investment properties	208,750	94,500	303,250	11,960
Investments	6,411,667	844,398	7,256,065	789,160
AFS	4,451,006	844,398	5,295,404	788,823
FVTPL	1,562,346	-	1,562,346	-
LAR	398,315	-	398,315	337
Reinsurance assets	29,905	-	29,905	161,564
Insurance receivables	32,630	-	32,630	56,744
Other receivables	16,674	359	17,033	65,249
Tax recoverable	19,837	9,155	28,992	3,011
Deferred tax assets	-	25,534	25,534	-
Cash and cash equivalents	136,843	22,972	159,815	24,675
Total assets	6,876,738	996,918	7,873,656	1,120,061
Equity, policyholders' funds and liabilities				
Share capital	-	579,000	579,000	-
Retained earnings	381,862	486,303	868,165	-
Other reserves	28,821	8,095	36,916	11,395
Total equity	410,683	1,073,398	1,484,081	11,395
Insurance contract liabilities	4,412,591	-	4,412,591	796,097
Deferred tax liabilities	116,984	-	116,984	4,174
Other liabilities	80,442	615	81,057	72,569
Insurance payables	1,861,638	-	1,861,638	125,993
Provision for life agents' retirement benefits	447	-	447	-
Current tax liabilities	9,643	4,828	14,471	12,220
Total liabilities	6,481,745	5,443	6,487,188	1,011,053
Total equity, policyholders' funds and liabilities	6,892,428	1,078,841	7,971,269	1,022,448
Inter-fund balances	(15,690)	(81,923)	(97,613)	97,613

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

20. INSURANCE FUNDS (continued)

**Unaudited Condensed Statement of Financial Position by Funds
As at 31 December 2016**

	Continuing operations			Dis-continued operations
	Life Fund	Share-holders' Fund	Total	General Fund
	RM'000	RM'000	RM'000	RM'000
Assets				
Property, plant and equipment	15,706	-	15,706	3,886
Intangible assets	4,239	-	4,239	3,967
Investment properties	208,750	94,740	303,490	11,960
Investments	6,268,960	783,036	7,051,996	740,619
AFS	4,492,663	783,036	5,275,699	740,412
FVTPL	1,396,545	-	1,396,545	-
LAR	379,752	-	379,752	207
Reinsurance assets	29,208	-	29,208	147,836
Insurance receivables	34,801	-	34,801	60,547
Other receivables	14,355	360	14,715	63,582
Tax recoverable	18,755	9,155	27,910	3,011
Deferred tax assets	-	31,467	31,467	-
Cash and cash equivalents	180,462	5,915	186,377	23,524
Total assets	6,775,236	924,673	7,699,909	1,058,932
Equity, policyholders' funds and liabilities				
Share capital	-	579,000	579,000	-
Retained earnings	388,948	427,934	816,882	-
Other reserves	14,955	5,932	20,887	1,385
Total equity	403,903	1,012,866	1,416,769	1,385
Insurance contract liabilities	4,461,662	-	4,461,662	789,987
Deferred tax liabilities	113,592	-	113,592	1,566
Other liabilities	76,461	797	77,258	73,364
Insurance payables	1,683,968	-	1,683,968	116,287
Provision for life agents' retirement benefits	554	-	554	-
Current tax liabilities	8,513	4,317	12,830	9,619
Total liabilities	6,344,750	5,114	6,349,864	990,823
Total equity, policyholders' funds and liabilities	6,748,653	1,017,980	7,766,633	992,208
Inter-fund balances	26,583	(93,307)	(66,724)	66,724

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

20. INSURANCE FUNDS (continued)

Unaudited Condensed Statement of Profit or Loss by Funds
For the six months period ended 30 June 2017

	Continuing operations			Dis-continued operations
	Life Fund	Share-holders' Fund	Total	General Fund
	RM'000	RM'000	RM'000	RM'000
Gross earned premiums	371,142	-	371,142	319,606
Premiums ceded to reinsurers	(29,200)	-	(29,200)	(55,162)
Net earned premiums	341,942	-	341,942	264,444
Investment income	147,192	17,710	164,902	10,722
Realised gains and losses	9,628	(2)	9,626	519
Fair value gains and losses	109,238	(240)	108,998	(970)
Fee and commission income	495	-	495	6,412
Other revenue	266,553	17,468	284,021	16,683
Total revenue	608,495	17,468	625,963	281,127
Gross benefits and claims paid	(555,073)	-	(555,073)	(146,215)
Claims ceded to reinsurers	22,566	-	22,566	13,785
Gross change to contract liabilities	73,985	-	73,985	(7,601)
Change in contract liabilities ceded to reinsurers	98	-	98	10,031
Net claims	(458,424)	-	(458,424)	(130,000)
Fee and commission expenses	(57,478)	-	(57,478)	(34,808)
Management expenses	(60,322)	(2,909)	(63,231)	(76,081)
Other operating (expenses)/income – net	(4,659)	(773)	(5,432)	1,101
Other expenses	(122,459)	(3,682)	(126,141)	(109,788)
Profit before taxation	27,612	13,786	41,398	41,339
Transfer from General Insurance	-	30,774	30,774	(30,774)
Refund to Shareholder's Fund	(23,412)	23,412	-	-
Taxation	(11,286)	(9,603)	(20,889)	(10,565)
Net (loss)/profit for the financial period	(7,086)	58,369	51,283	-

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

20. INSURANCE FUNDS (continued)

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

	Continuing operations			Dis-continued operations
	Life Fund	Share-holders' Fund	Total	General Fund
	RM'000	RM'000	RM'000	RM'000
Gross earned premiums	360,603	-	360,603	320,797
Premiums ceded to reinsurers	(30,501)	-	(30,501)	(59,833)
Net earned premiums	330,102	-	330,102	260,964
Investment income	144,022	15,181	159,203	10,706
Realised gains and losses	6,779	8,761	15,540	(322)
Fair value gains and losses	(14,459)	-	(14,459)	32
Fee and commission income	1,724	-	1,724	9,003
Other revenue	138,066	23,942	162,008	19,419
Total revenue	468,168	23,942	492,110	280,383
Gross benefits and claims paid	(601,178)	-	(601,178)	(148,296)
Claims ceded to reinsurers	24,874	-	24,874	8,622
Gross change to contract liabilities	237,488	-	237,488	(27,500)
Change in contract liabilities ceded to reinsurers	(2,278)	-	(2,278)	19,912
Net claims	(341,094)	-	(341,094)	(147,262)
Fee and commission expenses	(54,555)	-	(54,555)	(38,142)
Management expenses	(61,340)	(4,613)	(65,953)	(68,116)
Other operating (expenses)/income – net	(611)	(452)	(1,063)	1,433
Other expenses	(116,506)	(5,065)	(121,571)	(104,825)
Profit before taxation	10,568	18,877	29,445	28,296
Transfer from General Insurance	-	21,134	21,134	(21,134)
Refund to Shareholder's Fund	(22,359)	22,359	-	-
Taxation	3,379	(11,114)	(7,735)	(7,162)
Net (loss)/profit for the financial period	(8,412)	51,256	42,844	-

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

20. INSURANCE FUNDS (continued)

Investment-linked Fund

Unaudited Condensed Statement of Financial Position As At 30 June 2017

	30.06.2017	31.12.2016
	RM'000	RM'000
Assets		
Investments		
FVTPL	909,462	841,724
LAR	17,041	-
Other receivables	609	1,799
Cash and cash equivalents	65,160	72,447
Total assets	992,272	915,970
Liabilities		
Deferred tax liabilities	5,823	1,246
Other liabilities	1,076	1,577
Current tax liabilities	1,551	919
Total liabilities	8,450	3,742
Inter-fund balances	2,453	(1,537)
Net asset value attributable to unitholders (Note 16)	981,369	913,765

Investment-linked Fund

Unaudited Condensed Statement of Profit or Loss
For the six months period ended 30 June 2017

	6 months	6 months
	ended	ended
	30.06.2017	30.06.2016
	RM'000	RM'000
Investment income	15,855	15,842
Realised gains and losses	1,114	(3,417)
Fair value gains and losses	62,217	(18,073)
	79,186	(5,648)
Fee and commission expenses	(6,977)	(6,673)
Management expenses	(17)	(18)
Other operating income – net	(3,795)	73
Surplus/(deficit) before taxation	68,397	(12,266)
Taxation	(5,238)	1,164
Surplus/(deficit) after taxation for the financial period	63,159	(11,102)

