Directors' Report & Audited Financial Statements

For The Financial Year Ended 31 December 2015

CONTENTS

MCIS Insurance Berhad
(Incorporated in Malaysia)

Directors' report

The Directors have pleasure in presenting their report together with the audited financial statements of the Company for the year ended 31 December 2015.

Principal activities

The Company is principally engaged in the underwriting of life and investment linked insurance. The Company used to underwrite all classes of general insurance business until 28 February 2015.

On 1 March 2015, the Company completed the transfer of general insurance business to The Pacific Insurance Berhad ("Pacific Insurance") as disclosed in Note 11. Consequently, effective from the same date, the Company is no longer operating a general insurance business and serves solely as a life insurance company.

Change of financial year end

The financial year-end of the Company was changed from 30 June to 31 December in the previous financial period to coincide with the financial year-end of the holding and ultimate holding companies. Accordingly, the financial statements for the current financial year ended 31 December 2015 covers a twelve-month period compared to a six-month period for the previous financial period ended 31 December 2014, and therefore the comparative amounts for the income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and the related notes are not comparable.

Results

	RM'000
Net profit for the year:	
- Continuing operations	19,514
- Discontinued operations	40,233
	59,747

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 the operations of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature, other than as disclosed in the financial statements.

Dividends

The amounts of dividends paid by the Company since the end of the previous financial period were as follows:

	RM'000
Final single-tier dividend of 149.57% on 100,284,071 ordinary shares paid on 24 June 2015	149,996

Share capital

There was no changes in the authorised, issued and paid-up capital of the Company during the financial year.

Directors

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

Tan Sri Mohamed Al Amin bin Abdul Majid (Chairman)
Non-independent, non-executive director

Dato' Balaram a/l Petha Naidu
Non-independent, non-executive director

Dato' Hj Mustapha @ Mustapa bin Md Nasir
Non-independent, non-executive director

Mr. Kirupalani a/l Chelliah
Independent, non-executive director

Mr. Murugiah M N Singham
Independent, non-executive director

Dato' Dr. Md Khir bin Abdul Rahman
Independent, non-executive director

Mr. Cornelius Karel Foord
Non-independent, non-executive director

Directors (cont'd.)

Mr. Philippus Rudolph Van Rooijen
Non-independent, non-executive director

Mr. William Robertson Dommissee (appointed on 27 May 2015)
Non-independent, non-executive director

Board meeting

The Board comprises three independent, non-executive directors and six non-independent, non-executive directors. The attendance of the members of the Board in office at the 6 meetings of the Board held during the financial year was as follows:

	Attendance
Chairman:	
Tan Sri Mohamed Al Amin bin Abdul Majid	6/6
Members:	
Dato' Balaram a/l Petha Naidu	6/6
Dato' Hj Mustapha @ Mustapa bin Md Nasir	6/6
Mr. Kirupalani a/l Chelliah	6/6
Mr. Murugiah M N Singham	6/6
Dato' Dr. Md Khir bin Abdul Rahman	6/6
Mr. Cornelius Karel Foord	6/6
Mr. Philippus Rudolph Van Rooijen	5/6
Mr. William Robertson Dommissee	4/4

Corporate governance

The Board of Directors ("the Board") is satisfied that, the Company has complied with all the prescriptive requirements of, and adopts management practices that are consistent with, the principles prescribed under Bank Negara Malaysia ("BNM")'s Guidelines, BNM/RH/GL/003-1 *Minimum Standards for Prudential Management of Insurers (Consolidated)* and BNM/RH/GL/003-2 *Prudential Framework of Corporate Governance for Insurers* .

Corporate governance standards

The memberships, roles and terms of reference of the Audit, Risk Management, Nominating and Remuneration Committees of the Board during the financial year are as follows:

Corporate governance standards (cont'd.)

(i) Audit Committee

The Audit Committee ("AC") comprises two independent, non-executive directors and one non-independent, non-executive director. The attendance of the members of the Committee in office at the 7 meetings of the Committee held during the financial year is as follows:

	Attendance
<u>Chairman:</u>	
Mr. Murugiah M N Singham	7/7
<u>Members:</u>	
Mr. Kirupalani a/l Chelliah	7/7
Mr. Cornelius Karel Foord	7/7

The AC's terms of reference include the reinforcement of the independence and objectivity of the internal audit function and the specification of its scope, the review of the Company's financial statements which includes considering the findings of both the internal and external auditors and the propriety of disclosure of related party transactions. It also makes recommendations to the Board on the appointment and re-appointment of the external auditors and the maintenance of a sound system of internal controls to safeguard the Company's assets.

The Committee's primary duties are as spelt out in the Guidelines, BNM/RH/GL/003-22 *Guidelines on Audit Committees and Internal Audit Department (Part A)* and BNM/RH/GL/013-4 *Guidelines on Internal Audit Function of Licensed Institutions* issued by BNM.

(ii) Risk Management Committee

The Risk Management Committee ("RMC") comprises one independent, non-executive director and three non-independent, non-executive directors. The attendance of the members of the Committee in office at the 6 meetings of the Committee held during the financial year is as follows:

	Attendance
<u>Chairman:</u>	
Dato' Dr. Md Khir bin Abdul Rahman	6/6
<u>Members:</u>	
Dato' Hj Mustapha @ Mustapa bin Md Nasir	6/6
Mr. Philippus Rudolph Van Rooijen	6/6
Mr. William Robertson Dommissee (appointed on 12 June 2015)	3/3

Corporate governance standards (cont'd.)

(ii) Risk Management Committee (cont'd.)

The RMC oversees senior management's activities in managing the key risks of the Company, in order to ensure that the risk management process is in place and functioning effectively. The responsibilities of the RMC include the review, assessment and recommendation of the risk management strategies and risk tolerance of the Company. It also assesses the adequacy and effectiveness of the internal policies and frameworks for identifying, measuring, monitoring and managing risks.

(iii) Nominating Committee

The Nominating Committee ("NC") comprises two independent, non-executive directors and four non-independent, non-executive directors. The attendance of the members of the Committee in office at the 10 meetings with one adjourned meeting of the Committee held during the financial year is as follows:

	Attendance
Chairman:	
Mr. Kirupalani a/l Chelliah	10/10
Members:	
Dato' Hj Mustapha @ Mustapa bin Md Nasir	9/10
Dato' Balaram a/l Petha Naidu	10/10
Mr. Murugiah M N Singham	10/10
Mr. Cornelius Karel Foord	10/10
Mr. William Robertson Dommisse (appointed on 12 June 2015)	6/6

The NC is empowered to consider and evaluate the appointment of new directors and directors to fill the seats on Committees of the Board. It also recommends suitable, competent candidates to the Board and BNM for appointment and re-appointment or re-election. In addition, the NC is also entrusted with the responsibility for both the appointment and evaluation of the Chief Executive Officer ("CEO") and key senior officers of the Company.

The NC will review annually, the structure, size, composition and mix of skills required for the Board to discharge its duties effectively. It also assesses on an annual basis, the effectiveness of the Board as a whole, including the various Committees of the Board.

Corporate governance standards (cont'd.)

(iv) Remuneration Committee

The Remuneration Committee (“RC”) comprises one independent, non-executive directors and three non-independent, non-executive directors. The attendance of the members of the Committee in office at the 5 meetings of the Committee held during the financial year is as follows:

	Attendance
Chairman:	
Dato' Dr. Md Khir bin Abdul Rahman	5/5
Members:	
Dato’ Balaram a/l Petha Naidu	5/5
Mr. Philippus Rudolph Van Rooijen	5/5
Mr. William Robertson Dommisse (appointed on 12 June 2015)	3/3

The Board recognises that levels of remuneration must be sufficient to attract, retain and motivate directors of the quality required to manage the business of the Company and to align the interests of the directors with those of the shareholders. In this respect, the RC is responsible for reviewing and recommending the remuneration packages of directors, CEO and other key senior officers.

Directors’ benefits

Neither at the end of the financial year, nor at any time during that period, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial period, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in Note 27 to the financial statements), by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

Directors’ interests

None of the Directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

Other statutory information

(a) Before the statement of financial position, income statement and statement of comprehensive income 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 allowance for doubtful debts and satisfied themselves that there were no known bad debts and that adequate allowance 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 business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the Directors are not aware of any circumstances which would:

  (i) require any amount to be written off as bad debts or render the amount of the allowance for doubtful debts of the Company inadequate to any substantial extent; and

  (ii) render the values attributed to current assets in the financial statements of the Company misleading.

(c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.

(d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Company which would render any amount stated in the financial statements misleading.

(e) As at the date of this report, there does not exist:

  (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.

MCIS Insurance Berhad
(Incorporated in Malaysia)

Other statutory information (cont'd.)

(f) In the opinion of the Directors:

(i) no contingent liability 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 their 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 insurance contracts underwritten in the ordinary course of business of the Company.

(g) Before the statement of financial position, income statement and statement of comprehensive income of the Company were made out, the Directors took reasonable steps to ascertain that there was adequate provision for insurance liabilities in accordance with the valuation methods prescribed under Part D of the Risk-Based Capital ("RBC") Framework for Insurers issued by BNM.

Auditors

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

Signed on behalf of the Board in accordance with a resolution of the Directors dated 23 March 2016.

Tan Sri Mohamed Al Amin bin Abdul Majid   Mr. Murugiah M N Singham

Petaling Jaya, Malaysia
23 March 2016

MCIS Insurance Berhad
(Incorporated in Malaysia)

Statement by Directors
Pursuant to Section 169(15) of the Companies Act, 1965

We, Tan Sri Mohamed Al Amin bin Abdul Majid and Mr. Murugiah M N Singham, being two of the directors of MCIS Insurance Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 12 to 139 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of 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 December 2015 and of its financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 23 March 2016.

Tan Sri Mohamed Al Amin bin Abdul Majid	Mr. Murugiah M N Singham

Petaling Jaya, Malaysia
23 March 2016

Statutory Declaration
Pursuant to Section 169(16) of the Companies Act, 1965

I, Mr. Kevin Jones, being the officer primarily responsible for the financial management of MCIS Insurance Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 12 to 139 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 Mr. Kevin Jones	)	
at Petaling Jaya in Selangor Darul Ehsan	)	
on 23 March 2016	)	Mr. Kevin Jones

Before me,

Ernst & Young AF: 0039
GST Reg No: 001556430848
Chartered Accountants
Level 23A Menara Milenium
Jalan Damanlela, Pusat Bandar Damansara
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435318-U

Independent auditors' report to the members of MCIS Insurance Berhad (Incorporated in Malaysia)

Report on the financial statements

We have audited the financial statements of MCIS Insurance Berhad, which comprise the statement of financial position as at 31 December 2015, and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 12 to 139.

Directors' responsibility for the financial statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 about 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 of financial statements that give a true and fair view 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.

Building a better
working world

435318-U

Independent auditors' report to the members of
MCIS Insurance Berhad (cont'd.)
(Incorporated in Malaysia)

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2015 and of its financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report 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	Megat Iskandar Shah Bin Mohamad Nor
AF: 0039	No. 3083/07/17(J)
Chartered Accountants	Chartered Accountant

Kuala Lumpur, Malaysia
23 March 2016

MCIS Insurance Berhad
(Incorporated in Malaysia)

Statement of financial position
As at 31 December 2015

	Note	2015 RM'000	2014 RM'000
Assets			
Property and equipment	3	128,503	134,491
Investment properties	4	16,540	16,340
Intangible assets	5	11,952	13,367
Prepaid land lease payments	6	225	237
Investments	7	4,136,680	4,199,713
Reinsurance assets	8	8,471	2,559
Insurance receivables	9	56,558	39,599
Other receivables	10	49,227	46,064
Cash and bank balances		46,978	7,424
		4,455,134	4,459,794
Assets classified as held for sale	11	-	429,895
Total assets		4,455,134	4,889,689
Equity			
Share capital	12	100,284	100,284
Share premium		24,740	24,740
Retained profits	13	187,943	278,192
Merger reserves	14	40,672	40,672
Available-for-sale reserves		1,749	(755)
Revaluation reserves		6,905	6,814
		362,293	449,947
Reserves of a disposal group classified as held for sale	11	-	(3,258)
Total equity		362,293	446,689
Liabilities			
Insurance contract liabilities	15	3,853,393	3,797,578
Deferred tax liabilities	16	13,572	15,573
Insurance payables	17	75,822	56,108
Provision for taxation		1,523	17,545
Other payables	18	148,531	119,338
		4,092,841	4,006,142
Liabilities directly associated with the assets classified as held for sale	11	-	436,858
Total liabilities		4,092,841	4,443,000
Total equity and liabilities		4,455,134	4,889,689

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

435318-U

MCIS Insurance Berhad
(Incorporated in Malaysia)

Income statement
For the financial year ended 31 December 2015

	Note	01.01.2015 to 31.12.2015 RM'000	01.07.2014 to 31.12.2014 RM'000
Continuing operations:			
Gross earned premiums	19	571,109	266,823
Earned premiums ceded to reinsurers	19	(9,130)	(4,614)
Net earned premiums		561,979	262,209
Investment income	20	188,397	97,712
Realised gains and losses	21	13,167	16,387
Fair value gains and losses	22	(2,258)	(2,428)
Fee and commission income	23	206	-
Other operating revenue	24	1,222	1,461
Other revenue		200,734	113,132
Gross benefits and claims paid	25	(484,440)	(244,229)
Claims ceded to reinsurers	25	8,506	2,722
Gross change in contract liabilities	25	(78,097)	(15,741)
Change in contract liabilities ceded to reinsurers	25	5,912	(731)
Net benefits and claims		(548,119)	(257,979)
Fee and commission expenses	26	(81,099)	(37,485)
Other operating expenses	24	(16,089)	(18,988)
Management expenses	27	(80,465)	(37,260)
Taxation of life insurance business	28	(11,420)	(7,958)
Other expenses		(189,073)	(101,691)

MCIS Insurance Berhad
(Incorporated in Malaysia)

Income statement
For the financial year ended 31 December 2015 (cont'd.)

	Note	01.01.2015 to 31.12.2015 RM'000	01.07.2014 to 31.12.2014 RM'000
Profit before taxation from continuing operations		25,521	15,671
Taxation	28	(6,007)	(2,263)
Net profit for the year/period from continuing operations		19,514	13,408
Discontinued operations:			
Net profit/(loss) for the year/period from discontinued operations	11(a)	4,552	(5,091)
Gain on disposal of general insurance business	11(b)	35,681	-
Net profit/(loss) for the year/period from discontinued operations		40,233	(5,091)
Net profit for the year/period		59,747	8,317
Earnings per share (sen)			
Basic and diluted	29	59.6	8.3
Earnings per share (sen) from continuing operations			
Basic and diluted	29	19.5	13.4
Earning/(Loss) per share (sen) from discontinued operations			
Basic and diluted	29	40.1	(5.1)

MCIS Insurance Berhad
(Incorporated in Malaysia)

Statement of comprehensive income
For the financial year ended 31 December 2015

	01.01.2015 to 31.12.2015 RM'000	01.07.2014 to 31.12.2014 RM'000
Net profit for the year/period	59,747	8,317
Other comprehensive income:		
Items to be reclassified to the income statement in the subsequent periods:		
Available-for-sale ("AFS") reserves:		
Loss on fair value changes of AFS investments	(255)	(3,568)
Realised loss/(gain) transferred to the income statement	499	(1,967)
Impairment loss reclassified to the income statement (Note 24)	7,408	5,135
Deferred tax effects on AFS reserves (Note 16)	(1,890)	101
	5,762	(299)
Items not to be reclassified to the income statements in the subsequent periods:		
Revaluation reserves:		
Gain on fair value changes of property and equipment of non-participating funds	-	2,989
Reduction in tax rate (Note 16)	91	-
Deferred tax effects on revaluation reserve of non-participating funds (Note 16)	-	(747)
	91	2,242
Other comprehensive income for the year/period, net of taxation	5,853	1,943
Comprising of:		
Continuing operations	2,595	2,459
Discontinued operations	3,258	(516)
	5,853	1,943
Total comprehensive income for the year/period	65,600	10,260
Comprising of:		
Continuing operations	22,109	15,867
Discontinued operations	43,491	(5,607)
	65,600	10,260

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

MCIS Insurance Berhad
(Incorporated in Malaysia)

Statement of changes in equity
For the financial year ended 31 December 2015

		Non-distributable								Distributable			
							Available-for-sale reserves			Retained profits			
	Note	Share capital RM'000	Share premium RM'000	Merger reserve RM'000	Revaluation reserves of non-participating funds RM'000	Reserves of a group held for sale RM'000	Available-for-sale reserves of non-participating funds RM'000	Available-for-sale reserves of shareholders' fund RM'000	Sub-total RM'000	Unallocated surplus of non-participating funds* RM'000	Retained profits of shareholders' fund RM'000	Sub-total RM'000	Total equity RM'000
At 1 July 2014		100,284	24,740	40,672	4,572	(2,742)	(5,289)	4,317	(972)	62,920	221,997	284,917	451,471
Net profit/(loss) for the period		-	-	-	-	-	-	-	-	13,405	(5,088)	8,317	8,317
Other comprehensive income/(loss)		-	-	-	2,242	-	(308)	9	(299)	-	-	-	1,943
Total comprehensive income/(loss) for the period		-	-	-	2,242	-	(308)	9	(299)	13,405	(5,088)	8,317	10,260
Transfer from non-participating surplus as recommended by Appointed Actuary (net of tax)		-	-	-	-	-	-	-	-	(50,250)	50,250	-	-
Discontinued operations	11	-	-	-	-	(516)	-	516	516	-	-	-	-
Dividends paid during the period	30	-	-	-	-	-	-	-	-	-	(15,042)	(15,042)	(15,042)
At 31 December 2014		100,284	24,740	40,672	6,814	(3,258)	(5,597)	4,842	(755)	26,075	252,117	278,192	446,689
At 1 January 2015		100,284	24,740	40,672	6,814	(3,258)	(5,597)	4,842	(755)	26,075	252,117	278,192	446,689
Net profit for the year		-	-	-	-	-	-	-	-	4,192	55,555	59,747	59,747
Other comprehensive income/(loss)		-	-	-	91	-	(369)	6,131	5,762	-	-	-	5,853
Total comprehensive income/(loss) for the year		-	-	-	91	-	(369)	6,131	5,762	4,192	55,555	59,747	65,600
Discontinued operations	11	-	-	-	-	3,258	-	(3,258)	(3,258)	-	-	-	-
Dividends paid during the year	30	-	-	-	-	-	-	-	-	-	(149,996)	(149,996)	(149,996)
At 31 December 2015		100,284	24,740	40,672	6,905	-	(5,966)	7,715	1,749	30,267	157,676	187,943	362,293

* The unallocated surplus of the Non-Par funds generated for the financial year/period ended 31 December 2015 and 31 December 2014 were RM4,192,000 and RM13,405,000, net of tax at 24% and 25%, respectively.

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

MCIS Insurance Berhad
(Incorporated in Malaysia)

Statement of cash flows
For the financial year ended 31 December 2015

	Note	01.01.2015 to 31.12.2015 RM'000	01.07.2014 to 31.12.2014 RM'000
Operating activities			
Cash generated from/(used in) operating activities	31	17,362	(109,626)
Income tax paid		(33,768)	(7,850)
Net cash flows from operating activities		(16,406)	(117,476)
Investing activities			
Proceed from disposal of general insurance business	11	42,370	-
Placement monies in relation to the proceeds from disposal of general insurance business*		(8,287)	-
Purchase of property and equipment	3	(859)	(491)
Purchase of intangibles assets	5	(488)	(830)
Net cash flows from investing activities		32,736	(1,321)
Financing activity			
Dividends paid	30	(149,996)	(15,042)
Net cash flows from financing activity		(149,996)	(15,042)
Cash and cash equivalents			
Net decrease in cash and cash equivalents		(133,666)	(133,839)
Cash and cash equivalents at beginning of year/period		302,256	436,095
Cash and cash equivalents at end of year/period		168,590	302,256
Cash and cash equivalents comprise of:			
Cash and bank balances		46,978	7,424
Less: Cash restricted in use*		(8,287)	-
		38,691	7,424
Short term deposits with original maturity periods of less than 3 months:			
- continuing operations		129,899	239,158
- discontinued operations		-	55,674
		168,590	302,256

* Cash restricted in use represents placement monies which are encumbered, by virtue of being held to meet any potential indemnity claims in relation to the sale of general insurance business, as disclosed in Note 36.

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

Notes to the financial statements
For the financial year ended 31 December 2015

1. Corporate information

The Company is principally engaged in the underwriting of life and investment linked insurance. The Company used to underwrite all classes of general insurance business until 28 February 2015.

On 1 March 2015, the Company completed the transfer of general insurance business to The Pacific Insurance Berhad ("Pacific Insurance") as disclosed in Note 11. Consequently, effective from the same date, the Company is no longer operating a general insurance business and serves solely as a life insurance company.

The financial year-end of the Company was changed from 30 June to 31 December in the previous financial period to coincide with the financial year-end of the holding and ultimate holding companies. Accordingly, the financial statements for the current financial year ended 31 December 2015 covers a twelve-month period compared to a six-month period for the previous financial period ended 31 December 2014, and therefore the comparative amounts for the income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and the related notes are not comparable.

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The principal place of business of the Company is located at Wisma MCIS, Jalan Barat, 46200 Petaling Jaya, Selangor Darul Ehsan.

The immediate and ultimate holding companies are Sanlam Emerging Markets Proprietary Limited and Sanlam Limited respectively. Both companies are incorporated in South Africa.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 23 March 2016.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") as issued by the Malaysian Accounting Standards Board (“MASB”), International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the requirements of the Companies Act, 1965 in Malaysia.

At the beginning of the financial year, the Company had fully adopted the amended MFRSs and improvement to standards as described in Note 2.4 to the financial statements.

2. Significant accounting policies (cont'd.)

2.1 Basis of preparation (cont'd.)

The financial statements of the Company have been prepared under the historical cost convention, unless otherwise stated in the accounting policies below.

As at the reporting date, the Company has met the minimum capital adequacy requirements as prescribed under the Risk-Based Capital ("RBC") Framework issued by Bank Negara Malaysia ("BNM").

Financial assets and financial liabilities are offset and the net amount reported in the statements of financial position 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 assets and settle the liability simultaneously. Income and expense will not be offset in the income statements 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") and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

2.2 Merger reserve

As a result of using merger relief provisions, under Section 60(4) of the Companies Act, 1965, a merger reserve is created in place of a share premium account. The goodwill arising on consolidation and any provision for impairment in value of the investment in subsidiary is written-off immediately against the merger reserve at acquisition date. The resulting difference, being a net merger reserve is carried forward as part of shareholders' equity (see Note 14).

2.3 Summary of significant accounting policies

(a) Property and equipment and depreciation

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 land and buildings are stated at cost less accumulated depreciation and any accumulated impairment losses.

2. Significant accounting policies (cont'd.)

2.3 Summary of significant accounting policies (cont'd.)

(a) Property and equipment and depreciation (cont'd.)

Land and buildings are stated at revalued amounts, which is the fair value at the date of the revaluation less any accumulated depreciation and any accumulated impairment losses. Fair value is determined from market-based evidence by appraisals that are undertaken by professionally qualified valuers. Revaluations are performed with sufficient regularity of at least once in every three years with additional valuations in the intervening years where market conditions indicate that the carrying values of the revalued assets are materially different from the fair values. Any increase in the carrying amount arising from the revaluation of land and buildings is credited to an asset revaluation reserve as a revaluation surplus in the insurance contract liabilities of the participating funds or statement of comprehensive income of the non-participating funds, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in the income statement in which case the increase is recognised in the income statement to the extent of the decrease previously recognised. A revaluation deficit is first offset against previously recognised revaluation surplus in respect of the same asset in the statement of financial position, and any remaining deficit is thereafter recognised in the income statement.

Freehold land has an unlimited useful life and therefore is not depreciated. Work-in-progress are also not depreciated until the assets are ready for their intended use. Leasehold land is depreciated over the period of the respective leases which ranges from 35 to 110 years.

Depreciation of other property and equipment is computed on a straight-line basis over its estimated useful life at the following annual rates:

Freehold buildings	2%
Leasehold buildings	Over the remaining leasehold period or 50 years whichever is lower
Motor vehicles	20%
Furniture, fixtures and fittings	10%
Office equipment	10%
Computer equipment	20%
Office renovation	20%

2. Significant accounting policies (cont'd.)

2.3 Summary of significant accounting policies (cont'd.)

(a) Property and equipment and depreciation (cont'd.)

The residual values, useful lives and depreciation method 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.

(b) Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. 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. Fair value is reviewed at every reporting date and a formal valuation by an independent professional valuer is carried out once in every three years or earlier if the carrying value of the investment properties is materially different from the market value.

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.

Investment properties are derecognised when either they have been disposed off or when the investment property is 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.

2. Significant accounting policies (cont'd.)

2.3 Summary of significant accounting policies (cont'd.)

(c) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets are not capitalised and expenditure is reflected in the income statement in the period in which the expenditure is incurred.

Intangible assets are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of five to 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. Costs include employee costs incurred as a result of developing software and an appropriate portion of relevant overheads. Computer software development costs recognised as assets are amortised using the straight line method over their estimated useful lives, not exceeding a period of ten years.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

The carrying amount of assets are reviewed at each reporting 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. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2. Significant accounting policies (cont'd.)

2.3 Summary of significant accounting policies (cont'd.)

(d) Non-current assets held for sale or for distribution to equity holders of the parent and discontinued operations

The Company classifies non-current assets and disposal groups as held for sale or for distribution to equity holders of the parent if their carrying amounts will be recovered principally through a sale or distribution rather than through continuing use. Such non-current assets and disposal groups classified as held for sale or as held for distribution are measured at the lower of their carrying amount and fair value less costs to sell or to distribute. Costs to distribute are the incremental costs directly attributable to the distribution, excluding the finance costs and income tax expense.

The criteria for held for distribution classification is regarded as met only when the distribution is highly probable and the asset or disposal group is available for immediate distribution in its present condition. Actions required to complete the distribution should indicate that it is unlikely that significant changes to the distribution will be made or that the distribution will be withdrawn. Management must be committed to the distribution expected within one year from the date of the classification. Similar considerations apply to assets or a disposal group held for sale.

Property and equipment and intangible assets are not depreciated or amortised once classified as held for sale or as held for distribution.

Assets and liabilities classified as held for sale or for distribution are presented separately as current items in the statement of financial position.

A disposal group qualifies as discontinued operation if it is:

- A component of the Group that is a CGU or a group of CGUs;
- Classified as held for sale or distribution or already disposed in such a way;
- A major line of business or major geographical area.

2. Significant accounting policies (cont'd.)

2.3 Summary of significant accounting policies (cont'd.)

(d) Non-current assets held for sale or for distribution to equity holders of the parent and discontinued operations (cont'd.)

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as net profit for the year from discontinued operations in the income statement. Additional disclosures are provided in Note 11. All other notes to the financial statements mainly include amounts for continuing operations, unless otherwise mentioned.

(e) Leases

(i) Classification

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 buildings are classified as operating or finance leases in the same way as leases of other assets. The land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases except that property held under operating leases 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 2.3(e)(ii)).

(ii) Finance Leases - The Company as Lessee

Useful lives of all leasehold buildings are shorter than the lease term of the leasehold land on which the buildings are located. As such, all risks and rewards incidental to the ownership of such assets would be deemed to have been substantially transferred to the Company at the end of their useful lives. All leasehold buildings are therefore classified as finance lease in the financial statements.

Buildings held under finance lease are recognised as assets in the statement of financial position of the Company and measured in accordance with MFRS 116 - Property, Plant and Equipment and MFRS 140 - Investment Properties.

The depreciation policy for leased assets is in accordance with that for depreciable property and equipment as described in Note 2.3(a).

2. Significant accounting policies (cont'd.)

2.3 Summary of significant accounting policies (cont'd.)

(e) Leases (cont'd.)

(iii) Operating Leases - The Company as Lessee

Operating lease payments are recognised as expense on a straight-line basis over the term of the relevant lease.

In the case of a lease of land and buildings, the minimum lease payments or the up-front payment made are allocated, whenever necessary, between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings 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 term.

(f) Impairment of non-financial assets

The carrying amounts of assets are reviewed at each reporting date to determine whether there is any indication of impairment. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount is the higher of the net realisable value and the value in use, which is measured by reference to discounted cash flows. Recoverable amounts are estimated for individual assets, or if it is not possible, for the cash-generating unit.

An impairment loss is recognised in the income statement in the period in which it arises. Subsequent increases in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. A reversal of impairment loss is recognised in the income statement, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

(g) Investments and financial assets

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

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.

2. Significant accounting policies (cont'd.)

2.3 Summary of significant accounting policies (cont'd.)

(g) Investments and financial assets (cont'd.)

Financial assets are classified as at fair value through profit or loss where the Company 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' fund) are passively managed and/or carried at amortised cost.

All regular way purchases and sales of financial assets are recognised 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.

Financial assets at FVTPL

FVTPL include financial assets held for trading and those designated at fair value through profit or loss at inception. Investments bought with the intention to sell in the near future are classified as held-for-trading. For investments 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 recognising 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 financial assets are initially recorded at fair value. Subsequent to initial recognition, these financial assets are remeasured at fair value. Fair value adjustments and realised gains and losses are recognised in the income statement.

Investments under unit linked funds are designated as FVTPL at inception as they are managed and evaluated on a fair value basis in accordance with the respective investment strategies and mandates of the funds.

2. Significant accounting policies (cont'd.)

2.3 Summary of significant accounting policies (cont'd.)

(g) Investments and financial assets (cont'd.)

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 are measured at amortised cost, using the effective yield method, less provision for impairment. Gains and losses are recognised in the income statement when the investments are derecognised or impaired, as well as through the amortisation process. The Company does not have any financial assets classified as HTM as at 31 December 2015 (2014: Nil).

LAR

LAR are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets 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 amortised cost, using the effective yield method, less provision for impairment. Gains and losses are recognised in the income statement when the financial assets are derecognised or impaired, as well as through the amortisation 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.

Any gains or losses from changes in fair value of the financial assets are recognised in the available-for-sale reserve in the statement of comprehensive income or insurance contract liabilities, except for impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method which are recognised in the income statement. The cumulative gain or loss previously recognised in equity is recognised in the income statement when the financial asset is derecognised.

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

2. Significant accounting policies (cont'd.)

2.3 Summary of significant accounting policies (cont'd.)

(h) Fair value measurement

The Company measures financial instruments and non-financial assets such as investment properties, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

2. Significant accounting policies (cont'd.)

2.3 Summary of significant accounting policies (cont'd.)

(h) Fair value measurement (cont'd.)

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of properties.

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 reporting date.

For investments in unit and property trust funds, fair value is determined by reference to published bid values.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

(i) Impairment of financial instruments, reinsurance assets and insurance receivables

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

Assets carried at amortised cost

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 reporting date.

2. Significant accounting policies (cont'd.)

2.3 Summary of significant accounting policies (cont'd.)

(i) Impairment of financial instruments, reinsurance assets and insurance receivables (cont'd.)

Assets carried at amortised cost (cont'd.)

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 asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate/yield. The carrying amount of the asset is reduced and the loss is recorded in the income statement.

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 the income statement, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

Assets carried at cost

If there is objective evidence that an impairment loss on a financial asset carried at cost has been incurred, the carrying amount will be written down to the recoverable amount. Such impairment losses are not reversed in subsequent periods.

Assets classified as available-for-sale

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as AFS financial assets are impaired.

In respect of equity investments classified as AFS, a decline of 30% or more is regarded as significant, and a period of 12 months or longer is considered to be prolonged. If any such quantitative evidence exists for AFS financial assets, the asset is considered for impairment, taking qualitative evidence into account.

If an AFS financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the income statement, is transferred from equity to the income statement.

2. Significant accounting policies (cont'd.)

2.3 Summary of significant accounting policies (cont'd.)

(i) Impairment of financial instruments, reinsurance assets and insurance receivables (cont'd.)

Assets classified as available-for-sale (cont'd.)

Impairment losses on AFS equity investments are not reversed in the income statement in subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in equity. For AFS debt investments, impairment losses are subsequently reversed in the income statement if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in the income statement.

(j) Derecognition of financial assets/liabilities and insurance receivables/payables

Financial assets and insurance receivables 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.

Financial liabilities and insurance payables are derecognised when the obligation under the liabilities are discharged, cancelled or expired.

(k) Equity instruments

Ordinary share capital

The Company has issued ordinary shares that 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 as a liability and accounted for in the shareholders' equity as an appropriation of retained profits when they are approved for payment.

Dividends for the year that are approved after the statement of financial position date are dealt with as a non-adjusting event after the reporting date.

2. Significant accounting policies (cont'd.)

2.3 Summary of significant accounting policies (cont'd.)

(l) Contract classification

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

(i) 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. Based on this definition, all policy contracts issued by the Company are insurance contracts as at current reporting date.

Insurance contracts are recognised and measured in accordance with the terms and conditions of the respective contracts and are based on guidelines laid down by BNM. Premiums, claims and benefit payments, acquisition and management expenses and valuation of future policy benefit payments or premium reserves as the case may be, are recognised in the income statement.

(ii) Participating life insurance contracts contain discretionary participating feature ("DPF"). This feature entitles the policyholders to receive non-guaranteed benefits which could vary according to the investment and operating results of the Company. The Company does not recognise the guaranteed component separately from the DPF; hence the whole contract is presented within the insurance contract liability in the financial statement.

(iii) The Company is not required to un-bundle any insurance contract as the current accounting policy recognises all insurance premiums, claims and policy benefit payments, expenses and valuation of future benefit payments through the income statement.

(iv) The Company does not separately measure at fair value the policyholder's option to surrender an insurance contract for a fixed amount or for an amount based on fixed amount and an interest rate.

Options and guarantees inherent in some insurance contracts which are closely related to the host contract issued by the Company are not required to be separated and measured at fair value.

2. Significant accounting policies (cont'd.)

2.3 Summary of significant accounting policies (cont'd.)

(l) Contract classification (cont'd.)

(v) The Company does not adopt a policy of deferring acquisition costs for its life insurance contracts.

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.

Insurance contracts are further classified as being either with or without 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
- 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.

Surpluses in the DPF funds can be distributed on an approximate 90/10 basis in accordance with BNM's guidelines Management of Insurance Funds 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 the insurance liabilities.

2. Significant accounting policies (cont'd.)

2.3 Summary of significant accounting policies (cont'd.)

(l) Contract classification (cont'd.)

(v) The Company does not adopt a policy of deferring acquisition costs for its life insurance contracts. (cont'd.)

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 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.

(m) Reinsurance

The Company enters into reinsurance contracts in the normal course of business to diversify the risks and limit its net loss potential. Assets, liabilities, income and expense arising from the reinsurance contracts are presented separately from the assets, liabilities, income and expense from the related insurance 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 represent balances due from reinsurers. Amounts recoverable under reinsurance contracts are assessed 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 the income statement.

The Company assesses its reinsurance assets for impairment at each reporting period. If there is objective evidence that the reinsurance asset is impaired, the Company reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in the income statement. The Company gathers the objective evidence that a reinsurance asset is impaired using the same process adopted for financial assets held at amortised cost. The impairment loss is calculated following the same method used for these financial assets. These processes are described in Note 2.3(i).

2. Significant accounting policies (cont'd.)

2.3 Summary of significant accounting policies (cont'd.)

(m) Reinsurance (cont'd.)

The Company also assumes reinsurance risk in the normal course of its general insurance business.

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 contract 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.

(n) Life insurance underwriting results

The surplus transferable from the Life funds to the income statement is based on the surplus determined by an annual actuarial valuation of the liabilities to policyholders, made in accordance with the provisions of the Financial Services Act, 2013, 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 year premium is recognised on inception date and subsequent premiums are recognised on due date.

Premium income of the Investment linked funds is in respect of the net creation of units which represents premiums paid by policyholders as payment for a new contract or subsequent payments to increase the amount of the contract. Net creation of units is recognised on a receipt basis.

At the end of the financial period, all due premiums are accounted for to the extent that they can be reliably measured.

2. Significant accounting policies (cont'd.)

2.3 Summary of significant accounting policies (cont'd.)

(n) Life insurance underwriting results (cont'd.)

Reinsurance premiums

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

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 basis 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 policies with DPF are recognised upon declaration.

Reinsurance claims are recognised when the related gross insurance claim is recognised according to the terms of the relevant contracts.

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 the income statement in the period in which they are incurred.

2. Significant accounting policies (cont'd.)

2.3 Summary of significant accounting policies (cont'd.)

(o) General insurance underwriting results

The general insurance underwriting results are determined for each class of business after taking into account reinsurance, commissions, premium liabilities and claim liabilities.

Gross premiums

Gross premiums are recognised as income in a financial period in respect of risks assumed during that particular financial period.

Reinsurance premiums

Inwards facultative reinsurance premiums are recognised in the financial period in respect of the facultative risks assumed during that particular financial period, as in the case of direct policies, following the individual risks' inception dates.

Inwards proportional treaty reinsurance premium is recognised on the basis of periodic advices received from cedants given that the periodic advices reflect the individual underlying risks being incepted and reinsured at various inception dates of these risks and contractually accounted for.

Premium liabilities

Premium liabilities represent the Company's future obligations on insurance contracts as represented by premiums received for risks that have not yet expired. In determining premium liabilities at reporting date, the method that most accurately reflects the actual unearned premium used is described in Note 2.3(q)(ii).

Claim liabilities

A liability for outstanding claims is recognised in respect of both direct insurance and inward reinsurance.

The amount of claim liabilities is the best estimate of the expenditure required together with related expenses less recoveries to settle the present obligation at reporting date.

Provision is also made for the cost of claims, together with related expenses, incurred but not reported at reporting date, using a mathematical method of estimation.

2. Significant accounting policies (cont'd.)

2.3 Summary of significant accounting policies (cont'd.)

(o) General insurance underwriting results (cont'd.)

Acquisition costs

The gross costs of acquiring and renewing insurance policies and income derived from ceding reinsurance premiums is recognised as incurred and properly allocated to the periods in which it is probable they give rise to income.

(p) Insurance receivables and payables

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

If there is objective evidence that an insurance receivable is impaired, the Company reduces the carrying amount of the insurance receivable accordingly and recognises that impairment loss in the 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 2.3(i).

Insurance receivables and payable are derecognised when the derecognition criteria for financial assets and liabilities, as described in Note 2.3(j), have been met.

(q) Insurance contract liabilities

Life insurance contract liabilities

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

The valuation of insurance contract liabilities is determined according to the Financial Services Act, 2013, the prevailing RBC Framework and MFRS 4 *Insurance Contracts* ("MFRS 4"). The liability estimation methods prescribed under the RBC Framework meets the requirements of the Liability Adequacy Test under MFRS 4.

2. Significant accounting policies (cont'd.)

2.3 Summary of significant accounting policies (cont'd.)

(q) Insurance contract liabilities (cont'd.)

Life insurance contract liabilities (cont'd.)

The Company performs liability adequacy tests on its life insurance liabilities to ensure that the carrying amount of provisions is sufficient to cover estimated future cash flows arising from contracts of insurance underwritten. When performing the liability adequacy test, the Company discounts all contractual cash flows and compares this amount against the carrying value of the liability. Any deficiency is charged to the income statement.

Participating Life plans are valued using a prospective actuarial valuation method based on the sum of the present value of future guaranteed benefits, an appropriate level of non-guaranteed benefits, and the expected future management and distribution expenses, less the present value of future gross premiums arising from the policy discounted at the appropriate risk discount rate. The participating Life insurance liability is taken as the higher of the guaranteed benefit liabilities or the total benefit liabilities.

Provisions for annuity policies are valued using similar basis as participating Life contracts.

The liability of non-participating Life plans are valued using a prospective actuarial valuation method based on the sum of the present value of future 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.

Provisions for Investment linked insurance contracts is based on the carrying amount of the net assets of the Investment linked funds at the reporting date and the non-unit liability. The non-unit liability of Investment linked policies are valued by projecting future cash flows to ensure that all future outflows can be met without recourse to additional financing or capital support at any future time during the duration of the policy.

2. Significant accounting policies (cont'd.)

2.3 Summary of significant accounting policies (cont'd.)

(q) Insurance contract liabilities (cont'd.)

General insurance contract liabilities

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

These liabilities comprise claim liabilities and premium liabilities.

(i) Claim liabilities

Claim liabilities are based on the estimated ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not, together with related claim handling costs and reduction for the expected value of salvage and other recoveries. Delays can be experienced in the notification and settlement of certain types of claims, therefore, the ultimate cost of these claims cannot be known with certainty at the reporting date. The liability is calculated at the reporting date using a range of standard actuarial claim projection techniques based on empirical data and current assumptions and includes a margin for adverse deviation as prescribed by the RBC Framework. The liability is discounted for the time value of money. No provision for equalisation or catastrophe reserves is recognised. The liabilities are derecognised when the contract expires, is discharged or is cancelled.

(ii) Premium liabilities

Premium liabilities is the higher of the aggregate of the Unearned Premium Reserves ("UPR") for all lines of business and the best estimate value of the Unexpired Risk Reserves ("URR") at the required risk margin for adverse deviation as required by the RBC Framework.

<u>UPR</u>

UPR represent the portion of the net premiums of insurance policies written less deductible acquisition costs that relate to the unexpired periods of the policies at the end of the financial period.

2. Significant accounting policies (cont'd.)

2.3 Summary of significant accounting policies (cont'd.)

(q) Insurance contract liabilities (cont'd.)

General insurance contract liabilities (cont'd.)

(ii) Premium liabilities (cont'd.)

UPR (cont'd.)

In determining UPR at reporting date, the method that most accurately reflects the actual unearned premiums is used as follows:

- 25% method for marine cargo, aviation cargo and transit
- 1/24th method (or other more accurate) method for all other classes of Malaysian general policies
- 1/8th method for all other classes of overseas inward business
- Non-annual policies are time-apportioned over the period of the risks

URR

The best estimate value of URR is a prospective estimate of the expected future payments arising from future events insured under policies in force as at the end of the financial year and also includes allowance for expenses, including overheads and cost of reinsurance, expected to be incurred during the unexpired period in administering these policies and settling the relevant claims, and allows for expected future premium refunds.

(r) 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 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.

2. Significant accounting policies (cont'd.)

2.3 Summary of significant accounting policies (cont'd.)

(r) Other revenue recognition (cont'd.)

Interest and profit income

Interest/profit income is recognised on an accrual basis using the effective yield method. Fees and commissions that are an integral part of the effective yield of the financial asset or liability are recognised as an adjustment to the effective yield of the instrument. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest/profit income.

Dividend income

Dividend income is recognised when the Company's right to receive payment is established.

Realised gains and losses on investments

Realised gains and losses recorded in the income statement on investments include gains and losses on financial assets and investment properties. Gains and losses on the sale of investments are calculated as the difference between net sales proceeds and the original or amortised cost and are recorded on occurrence of the sale transaction.

Fees and commission income

Insurance and investment contract policyholders are charged for policy administration services, investment management services, surrenders and other contract fees. These fees are recognised as revenue over the period in which the related services are performed. If the fees are for services to be provided in future periods, then, they are deferred and recognised over those future periods.

(s) 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 or substantively enacted at the reporting date.

2. Significant accounting policies (cont'd.)

2.3 Summary of significant accounting policies (cont'd.)

(s) Income tax (cont'd.)

Deferred tax is provided for using the liability method. 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 not recognised if the temporary difference arises from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

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 reporting date.

Deferred tax is recognised as income or an expense and included in the income statement for the period, 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.

(t) 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 reporting 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.

(u) Employee benefits

Short-term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. 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.

2. Significant accounting policies (cont'd.)

2.3 Summary of significant accounting policies (cont'd.)

(u) Employee benefits (cont'd.)

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 income statement as incurred. As required by law, the Company makes such contributions to the Employees Provident Fund ("EPF").

(v) Foreign currencies

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 reporting date. All differences are taken to the income statement.

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 the income statement, 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.

2. Significant accounting policies (cont'd.)

2.3 Summary of significant accounting policies (cont'd.)

(w) Financial liabilities

Financial liabilities are recognised when the Company becomes a party to contractual provisions of the instruments 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.

(x) Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, cash at bank and deposits held at call with financial institutions with original maturities of three months or less.

(y) Goods and Service Tax ("GST")

GST, a multistage consumption tax on domestic consumption was implemented nationwide on 1 April 2015.

For the Company, revenues, expenses and assets are recognised net of the amount of GST except where GST incurred on a purchase of assets or goods and services is not recoverable from the tax authority, in which case GST is recognised as part of the asset or expense item as applicable. Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to the tax authority is included as part of the receivables and payables in the statement of financial position.

2.4 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2015, the Company adopted the following amendments to MFRSs and improvements to standards mandatory for annual financial periods beginning on or after 1 January 2015.

1. Amendments to MFRS 119 Defined Benefit Plans: Employee Contributions
2. Annual Improvements 2010-2012 Cycle
3. Annual Improvements 2011-2013 Cycle

The adoption of the above pronouncements did not have any impact on the financial statements of the Company.

2. Significant accounting policies (cont'd.)

2.5 Standards issued but not yet effective

The following are amendments to standards and annual improvements to standards issued by the Malaysian Accounting Standards Board ("MASB"), but not yet effective, up to the date of issuance of the Company's financial statements. The Company intends to adopt these amendments to standards and annual improvements to standards, if applicable, when they become effective:

Description	Effective for annual periods beginning on or after
Annual Improvements to MFRSs 2012 – 2014 Cycle	1 January 2016
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Method of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141: Agriculture: Bearer Plants	1 January 2016
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 127: Equity Method in Separate Financial Statements	1 January 2016
Amendments to MFRS 101: Disclosure Initiatives	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities: Applying the Consolidation Exception	1 January 2016
MFRS 14 Regulatory Deferral Accounts	1 January 2016
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 9 Financial Instruments	1 January 2018

2. Significant accounting policies (cont'd.)

2.5 Standards issued but not yet effective (cont'd.)

The Directors expect that the adoption of the above standards and annual improvements will have no material impact on the financial statements in the period of initial application except as discussed below:

MFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but restatement of comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before 1 February 2015.

MFRS 9 is issued by the MASB in respect of its application in Malaysia. It is equivalent to IFRS 9 as issued by IASB, including the effective and issuance dates. The areas with expected significant impact from application of MFRS 9 are summarised below:

(a) Classification and measurement

The classification and measurement of financial assets is determined on the basis of the contractual cash flow characteristics and the objective of the business model associated with holding the asset. Key changes include:

- The held-to-maturity (“HTM”) and available-for-sale (“AFS”) asset categories will be removed;

- A new asset category measured at fair value through other comprehensive income (“FVOCI”) is introduced. This applies to debt instruments with contractual cash flow characteristics that are solely payments of principle and interest and held in a model whose objective is achieved by both collecting contractual cash flows and selling financial assets;

- A new asset category for non-traded equity investments measured at FVOCI is introduced; and

- Classification of financial liabilities will remain largely unchanged, other than the fair value gains and losses attributable to changes in ‘own credit risk’ for financial liabilities designated and measured at fair value through profit or loss to be presented in other comprehensive income.

2. Significant accounting policies (cont'd.)

2.5 Standards issued but not yet effective (cont'd.)

MFRS 9 Financial Instruments (cont'd.)

(a) Classification and measurement (cont'd.)

The adoption of MFRS 9 will have an effect on the classification and measurement of the Company's financial assets, and may have no impact on the classification and measurement of the Company's financial liabilities.

(b) Impairment

The MFRS 9 impairment requirements are based on an expected credit loss model (“ECL”) that replaces the incurred loss model under the current accounting standard. The Company will be generally required to recognise either a 12-month or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition. The ECL model will apply to financial assets measured at amortised cost or at FVOCI, irrevocable loan commitments and financial guarantee contracts, which will include loans, advances and financing and debt instruments held by the Company. MFRS 9 will change the Company’s current methodology for calculating allowances for impairment, in particular for individual and collective assessment and provisioning.

(c) Hedge accounting

The requirements for general hedge accounting have been simplified for hedge effectiveness testing and may result in more designations of hedged items for accounting purposes.

However, it is not practicable to provide a reasonable estimate of the effect of MFRS 9 until the Company undertakes a detailed review.

2. Significant accounting policies (cont'd.)

2.6 Significant accounting judgments, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amount of revenue, expenses, assets and liabilities and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future. These factors could include:

(a) Critical judgments made in applying accounting policies

The following are judgments 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) Deferred tax assets (Note 16)

Deferred tax assets are recognised for various allowances and provisions to the extent that it is probable that taxable profit will be available against which these allowances and provisions can be utilised. Significant judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing of future taxable profits together with future tax planning strategies.

(ii) Income taxes (Note 28)

The Company is subject to income taxes in Malaysia. Significant judgment is required in determining the allowances and deductibility of certain expenses during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

(iii) Property and equipment (Note 3)

Property and equipment requires the review of the residual value and remaining useful life of an item of property and equipment at least at each financial year end.

Management estimates that the residual values and remaining useful lives are appropriate for the current financial year.

2. Significant accounting policies (cont'd.)

2.6 Significant accounting judgments, estimates and assumptions (cont'd.)

(a) Critical judgments made in applying accounting policies (cont'd.)

(iv) Classification between investment properties and property and equipment (Notes 3 and 4)

The Company has developed certain criteria based on MFRS 140 *Investment Property* in making judgments 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 administrative purpose. If these portions could be sold separately (or leased out separately under finance lease), 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 administrative purpose.

(v) Impairment of receivables (Notes 9 and 10)

The Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Company complies with BNM's Guidelines on Financial Reporting (BNM/RH/STD 032-5). According to the Guidelines, objective evidence of impairment is deemed to exist where the financial assets which are individually assessed for impairment are past due for more than 90 days or 3 months. Other factors considered by the Company are probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the Company will recognise the impairment loss in the income statement.

(vi) Impairment of AFS financial assets (Note 7)

Significant judgment is required to assess impairment for AFS financial assets. The Company evaluates the duration and extent to which the fair value of an investment is less than cost. In addition, the Company evaluates the financial health and near-term business outlook for the investee, including but not limited to factors such as industry and sector performance, changes in technology and operational and financial cash flow.

2. Significant accounting policies (cont'd.)

2.6 Significant accounting judgments, estimates and assumptions (cont'd.)

(a) Critical judgments made in applying accounting policies (cont'd.)

(vii) Insurance contract classification (Note 15)

Contracts are classified as insurance contracts where they transfer significant insurance risk from the policyholder to the Company. The Company exercises judgment about the level of insurance risk transferred. The level of insurance risk is assessed by considering whether the Company is required to pay significant additional benefits in excess of amounts payable when the insured event occurs. These additional benefits include claims liability and assessment costs, but exclude the loss of the ability to charge the policyholder for future services.

The assessment covers the whole of the expected term of the contract where such additional benefits could be payable. Some contracts contain options for the policyholder to purchase insurance risk protection at a later date; these insurance risks are deemed not significant.

(viii) Discontinued operations and disposal group classified as held for sale (Note 11)

On 1 December 2014, Fairfax Financial Holdings Limited ("Fairfax") through its wholly-owned subsidiary, The Pacific Insurance Berhad ("Pacific Insurance"), entered into a business transfer agreement with the Company and Koperasi MCIS Berhad ("Koperasi") to acquire the general insurance ("GI") business of MCIS. The transfer of GI business, including relevant GI personnel, was completed on 1 March 2015.

The Board considered the GI business as a disposal group held for sale for the following reasons:

- The GI business is available for immediate sale and/or transfer in its present condition;
- The sale and/or transfer was agreed in the business transfer agreement dated 1 December 2014;
- The transfer was completed during the financial year.

2. Significant accounting policies (cont'd.)

2.6 Significant accounting judgments, estimates and assumptions (cont'd.)

(a) Critical judgments made in applying accounting policies (cont'd.)

(viii) Discontinued operations and disposal group classified as held for sale (Note 11) (cont'd.)

The discontinued operation includes balances and transactions relating to Malaysian Motor Insurance Pool ("MMIP"). The balances and transactions are closely related to the GI business and was therefore reclassified as part of discontinued operations.

For more details on discontinued operations, refer to Note 11.

(b) Key sources of estimation uncertainty and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting 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 (Note 15)

There are several sources of uncertainty that need to be considered in the estimation of the life insurance contract liabilities that the Company will ultimately be required to pay as claims.

For life insurance contracts, estimates are made for future deaths, disabilities, voluntary terminations, discount rates and expenses.

The Company relies on standard industry and insurance mortality tables which represent historical mortality experience, and makes appropriate adjustments for its respective risk exposures in deriving the mortality and morbidity estimates. These estimates provide the basis in the valuation of the future benefits to be paid to policyholders and ensure adequate provision of reserve which are monitored against current and future premiums. At each reporting date, these estimates are assessed for adequacy and changes will be reflected as adjustments to insurance contract liabilities. Changes to the insurance contract liabilities during the year are reported in the income statement.

2. Significant accounting policies (cont'd.)

2.6 Significant accounting judgments, estimates and assumptions (cont'd.)

(b) Key sources of estimation uncertainty and assumptions (cont'd.)

(i) Valuation of life insurance contract liabilities (Note 15) (cont'd.)

Table below provides the key underlying assumptions used for valuation of life insurance contract liabilities:

Valuation method	Description
Discount rates	Participating and annuity funds: The actual zero-coupon spot yields of Malaysian Government Securities (MGS) is used to discount the guaranteed benefit cash flows while the average of the last five years' Company's gross investment returns (net of 8% tax) is used to discount the total benefit cash flows. The gross investment return is capped at 6.50% for the participating business and 5.75% for the annuity business. Non-participating and Investment linked funds: The zero-coupon spot yields of MGS at valuation date is used to discount the guaranteed benefit cash flows. Data source: MGS spot yields are obtained from the Bond Pricing Agency Malaysia (BPAM) under http://www.bpam.com.my
Mortality and Morbidity	Best estimates plus provision for adverse deviation Data source: internal experience studies
Lapse and Surrender	Best estimates plus provision for adverse deviation Data source: internal experience studies
Expenses	Best estimates plus provision for adverse deviation Data source: internal experience studies

2. Significant accounting policies (cont'd.)

2.6 Significant accounting judgments, estimates and assumptions (cont'd.)

(b) Key sources of estimation uncertainty and assumptions (cont'd.)

(ii) Valuation of general insurance contract liabilities (Note 15)

For general insurance contracts, estimates have to be made for both the expected ultimate cost of claims reported at the reporting date and for the expected ultimate cost of claims incurred but not yet reported at the reporting date (“IBNR”).

It can take a significant period of time before the ultimate claims costs can be established with certainty and for some type of policies, IBNR claims form the majority of the statement of financial position liability. The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as Chain Ladder and Bornhuetter-Ferguson methods.

The main assumption underlying these techniques is that a company’s past claims development experience can be used to project future claims development and hence, ultimate claims costs. As such, these methods extrapolate the development of paid and incurred losses, average costs per claim and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years, but can also be further analysed by geographical areas, as well as by significant business lines and claims type. Large claims are usually separately addressed, either by being reserved at the face value of loss adjustor estimates or separately projected in order to reflect their future development. Explicit assumptions have been made regarding future rates of claims inflation and discounting. We applied explicit discounting assumptions in our valuation for future investment earnings using the zero coupon spot yields of Malaysian Government Securities (MGS) as at the valuation date. We have also explicitly inflation adjusted claim amounts payable in the future, taking into account of both economic and non-economic factors that drive the escalation of claims. Economics inflation refers to the general increase in the price level of goods and services, usually measured based on the historical wage or price inflation such as Consumer Price Index (CPI). Non-economic factors refer to other inflation drivers such as increasing court awards or medical cost escalation due to technological advances.

2. Significant accounting policies (cont'd.)

2.6 Significant accounting judgments, estimates and assumptions (cont'd.)

(b) Key sources of estimation uncertainty and assumptions (cont'd.)

(ii) Valuation of general insurance contract liabilities (Note 15) (cont'd.)

Additional qualitative judgment is used to assess the extent to which past trends may not apply in future, (for example, to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking account of all the uncertainties involved.

(iii) Fair value of financial assets determined using valuation techniques

Fair value, in the absence of an active market, is estimated by using valuation techniques, such as recent arm's length transactions, reference to the current market value of another instrument which is substantially the same, discounted cash flow analysis and/or option pricing models. For reference to similar instruments, instruments must have similar credit ratings.

For discounted cash flow analysis, estimated future cash flows and discount rates are based on current market information and rates applicable to financial instruments with similar yields, credit quality and maturity characteristics. Estimated future cash flows are influenced by factors such as economic conditions (including country specific risks), concentrations in specific industries, types of instruments or currencies, market liquidity and financial conditions of counter-parties. Discount rates are influenced by risk-free interest rates and credit risk.

The valuation techniques described above are calibrated annually.

(iv) Valuation of unitised insurance contract liabilities

Unitised insurance contract fair values are based on the net asset value of the unit linked funds, determined by reference to the values of the assets backing the liabilities.

2. Significant accounting policies (cont'd.)

2.6 Significant accounting judgments, estimates and assumptions (cont'd.)

(b) Key sources of estimation uncertainty and assumptions (cont'd.)

(iv) Valuation of unitised insurance contract liabilities (cont'd.)

For unitised contracts, fair value is calculated as the number of units allocated to the policyholder in each unit linked fund multiplied by the unit-price of those funds at the reporting date. The fund assets and fund liabilities used to determine the unit-prices at the reporting date are valued on a basis consistent with the measurement base applied in the Company's statement of financial position, adjusted to take account the tax effects on unrealised gains or losses of assets in the fund.

(v) Amortisation of intangible assets (Note 5 and 27)

Computer applications software

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 period.

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.

(vi) Income taxes (Note 28)

The Company is subject to income tax and other taxes and significant judgment is required in estimating the provision for income taxes. There are many transactions and interpretations of tax law for which the final outcome may not be established until later. Liabilities for taxation are recognised based on estimates of whether additional taxes will be payable. The estimation process includes seeking advice on the tax treatments where appropriate.

Where the final liability for taxation is different from the amounts that were initially recorded, the differences will affect the income tax and deferred tax provisions in the period in which the estimate is revised or the final liability is established.

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3. Property and equipment

	At valuation					At cost					
	Properties										
	Freehold land RM'000	Leasehold land 50 years or more RM'000	Buildings on freehold land RM'000	Buildings on leasehold land 50 years or more RM'000	Buildings on leasehold land less than 50 years RM'000	Motor vehicles RM'000	Furniture, fixtures and fittings RM'000	Office and computer equipment RM'000	Office renovation RM'000	Work-in progress RM'000	Total RM'000
31 December 2015											
Cost/Valuation											
At 1 January 2015	13,285	43,540	7,913	62,750	800	1,073	11,880	24,933	5,458	-	171,632
Additions	-	-	-	-	-	-	48	232	100	479	859
Write-offs	-	-	-	-	-	-	(6)	(264)	-	-	(270)
At 31 December 2015	13,285	43,540	7,913	62,750	800	1,073	11,922	24,901	5,558	479	172,221
Accumulated depreciation											
At 1 January 2015	-	-	-	-	-	1,059	9,702	20,922	5,458	-	37,141
Charge for the year	-	701	699	3,860	-	14	364	1,205	3	-	6,846
Write-offs	-	-	-	-	-	-	(6)	(263)	-	-	(269)
At 31 December 2015	-	701	699	3,860	-	1,073	10,060	21,864	5,461	-	43,718
Net carrying amount											
At 31 December 2015	13,285	42,839	7,214	58,890	800	-	1,862	3,037	97	479	128,503

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3. Property and equipment (cont'd.)

	At valuation					At cost				
	Properties									
	Freehold land RM'000	Leasehold land 50 years or more RM'000	Buildings on freehold land RM'000	Buildings on leasehold land 50 years or more RM'000	Buildings on leasehold land less than 50 years RM'000	Motor vehicles RM'000	Furniture, fixtures and fittings RM'000	Office and computer equipment RM'000	Office renovation RM'000	Total RM'000
31 December 2014										
Cost/Valuation										
At 1 July 2014	13,990	34,179	12,480	42,131	560	1,315	13,079	27,974	5,526	151,234
Additions	-	-	-	-	-	-	37	454	-	491
Revaluations surplus	8,835	10,900	1,094	26,517	300	-	-	-	-	47,646
Elimination of accumulated depreciation on revaluation	-	(1,409)	(1,641)	(5,648)	(60)	-	-	-	-	(8,758)
Transfer to investment properties (Note 4)	(9,540)	(130)	(4,020)	(250)	-	-	-	-	-	(13,940)
Write-offs	-	-	-	-	-	-	(2)	(18)	-	(20)
Assets classified as held for sale	-	-	-	-	-	(242)	(1,234)	(3,477)	(68)	(5,021)
At 31 December 2014	13,285	43,540	7,913	62,750	800	1,073	11,880	24,933	5,458	171,632

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3. **Property and equipment (cont'd.)**

	At valuation — Properties					At cost				
	Freehold land RM'000	Leasehold land 50 years or more RM'000	Buildings on freehold land RM'000	Buildings on leasehold land 50 years or more RM'000	Buildings on leasehold land less than 50 years RM'000	Motor vehicles RM'000	Furniture, fixtures and fittings RM'000	Office and computer equipment RM'000	Office renovation RM'000	Total RM'000
31 December 2014 (cont'd.)										
Accumulated depreciation										
At 1 July 2014	-	1,136	1,323	4,555	49	1,290	10,626	23,430	5,526	47,935
Charge for the period										
- Continued operation	-	273	318	1,093	11	8	173	658	-	2,534
- Discontinued operation	-	-	-	-	-	3	19	133	-	155
	-	273	318	1,093	11	11	192	791	-	2,689
Elimination of accumulated depreciation on revaluation	-	(1,409)	(1,641)	(5,648)	(60)	-	-	-	-	(8,758)
Write-offs	-	-	-	-	-	-	(2)	(17)	-	(19)
Assets classified as held for sale	-	-	-	-	-	(242)	(1,114)	(3,282)	(68)	(4,706)
At 31 December 2014	-	-	-	-	-	1,059	9,702	20,922	5,458	37,141
Net carrying amount										
At 31 December 2014	13,285	43,540	7,913	62,750	800	14	2,178	4,011	-	134,491

3. Property and equipment (cont'd.)

Included in the cost of property and equipment of the Company are cost of fully depreciated assets which are still in use amounting to RM41,503,000 (31.12.2014: RM47,997,000).

Properties

The revalued land and buildings consist of office buildings, shop offices, shop houses and an apartment, which are located at various states in Malaysia.

Fair value of the properties was determined by using sales comparison method, other than fair value of an office building which was determined by using income capitalisation method. The sales comparison method entails comparing the property with comparable properties which have been sold or are being offered for sale, adjusted for differences in the nature, location, size, condition or other relevant characteristics of the specific property. Under the income capitalisation method, the gross income receivable from the property and the outgoings and expenditures such as repair and maintenance, assessment rates, insurance, etc, are projected in arriving at the estimated net income. Estimated net income is then capitalised by using an appropriate rate of interest (yield) reflecting the security of future income arising from the use of the said property.

As at the date of revaluation in November and December 2014, the properties' fair values are based on valuations performed by PPC International Sdn. Bhd., a registered independent valuer.

The Company has determined that the highest and best use of the properties is their current use.

Reconciliation of Level 3 fair value measurement:

	Apartment RM'000	Shop office/ shop house RM'000	Office building RM'000	Total RM'000
As at 1 July 2014	282	25,137	70,858	96,277
Revaluation gain recognised in:				
- Other comprehensive income	-	250	2,739	2,989
- Insurance contract liabilities	22	6,670	37,965	44,657
	22	6,920	40,704	47,646
Transfer to investment properties (Note 4)	-	(5,580)	(8,360)	(13,940)
Depreciation recognised in profit or loss under management expenses	(4)	(289)	(1,402)	(1,695)
As at 31 December 2014	300	26,188	101,800	128,288
Depreciation recognised in profit or loss under management expenses	(9)	(712)	(4,539)	(5,260)
As at 31 December 2015	291	25,476	97,261	123,028

3. Property and equipment (cont'd.)

Properties (cont'd.)

Fair value hierarchy disclosures for the properties have been provided in Note 41.

Description of valuation techniques used and key inputs to valuation on the properties are stated below:

Type of property	Valuation technique	Key input	Price per square feet (average)	
Apartment	Comparison method	Sale evidence	Building	RM 241
Multi-storey shop office /shop house	Comparison method	Sale evidence	Land Building	RM 1,653 RM 79
7 ½-storey office building	Comparison method	Sale evidence	Land Building	RM 198 RM 95
A 10 and 7 storey office buildings	Income capitalisation method	Estimated market rent per square feet per month		RM 3.00 - RM 6.00
		Vacancy rate		5% & 10%
		Yield or discount rate		5.5% & 6%

Significant increases (decreases) in estimated price per square feet and estimated market rent rates in isolation would result in a significantly higher (lower) fair value.

Significant increases (decreases) in vacancy rate and yield or discount rate in isolation would result in a significantly lower (higher) fair value.

If land and buildings were measured using the cost model, the carrying amounts would be as follows:

	2015 RM'000	2014 RM'000
Cost	26,535	26,535
Accumulated depreciation	(14,190)	(13,659)
Net carrying amount	12,345	12,876

4. Investment properties

	2015 RM'000	2014 RM'000
At 1 January 2015/1 July 2014	16,340	1,770
Transfer from property and equipment (Note 3)	-	13,940
Fair value gains (Note 22)	200	630
At 31 December 2015/2014	16,540	16,340

The fair values of the investment properties are based on valuations performed by PPC International Sdn. Bhd., a registered independent valuer, using the sales comparison method. The sales comparison method entails comparing the property with comparable properties which have been sold or are being offered for sale, adjusted for differences in the nature, location, size, condition or other relevant characteristics of the specific property.

The Company has determined that the highest and best use of investment properties is their current use.

Reconciliation of Level 3 fair value measurement:

	Agriculture land RM'000	Shop office/ shop house RM'000	Office building RM'000	Total RM'000
As at 1 July 2014	670	1,100	-	1,770
Fair value gain recognised in the income statement under fair value gains and losses	430	200	-	630
Transfer from property and equipment (Note 3)	-	5,580	8,360	13,940
As at 31 December 2014	1,100	6,880	8,360	16,340
Fair value gain recognised in the income statement under fair value gains and losses	-	200	-	200
As at 31 December 2015	1,100	7,080	8,360	16,540

Fair value hierarchy disclosures for investment properties have been provided in Note 41.

4. Investment properties (cont'd.)

Description of valuation techniques used and key inputs to valuation on investment properties are stated below:

Type of property	Valuation technique	Key input	Price per square feet (average)	
Agriculture land	Comparison method	Sale evidence	Land	RM 2.80
Multi-storey shop office /shop house	Comparison method	Sale evidence	Land Building	RM 2,741 RM 80
8-storey office building	Comparison method	Sale evidence	Land Building	RM 1,366 RM 153

Significant increases (decreases) in estimated price per square feet in isolation would result in a significantly higher (lower) fair value of the properties.

The amount of income and expenses recorded in the income statement in respect of investment properties of the Company are as follows:

	01.01.2015 to 31.12.2015 RM'000	01.07.2014 to 31.12.2014 RM'000
Rental income	188	67
Direct operating expenses (including repairs and maintenance) generating rental income	(147)	(49)
Net income arising from investment properties	41	18

The Company has no restrictions on the realisability of its investment properties and no contractual obligations to either purchase, construct or develop investment properties or for repairs, maintenance and enhancements, other than routine building maintenance.

5. Intangible assets

	2015 RM'000	2014 RM'000
Computer software		
Cost		
At 1 January 2015/1 July 2014	23,417	23,019
Additions	488	830
Assets classified as held for sale	-	(432)
At 31 December 2015/2014	23,905	23,417
Accumulated amortisation		
At 1 January 2015/1 July 2014	10,050	9,065
Charge for the year/period	1,903	985
At 31 December 2015/2014	11,953	10,050
Net carrying amount		
At 31 December 2015/2014	11,952	13,367

6. Prepaid land lease payments

	Leasehold land less than 50 years RM'000
31 December 2015	
Cost/Valuation	
At 1 January 2015/31 December 2015	350
Accumulated amortisation	
At 1 January 2015	113
Charge for the year	12
At 31 December 2015	125
Net carrying amount	
At 31 December 2015	225
31 December 2014	
Cost/Valuation	
At 1 July 2014/31 December 2014	350
Accumulated amortisation	
At 1 July 2014	108
Charge for the period	5
At 31 December 2014	113
Net carrying amount	
At 31 December 2014	237

7. Investments

	2015 RM'000	2014 RM'000
Malaysian Government securities	1,540,950	1,505,336
Government investment issues	185,536	94,870
Malaysian Government guaranteed bonds	598,839	539,354
Unquoted debt securities	921,396	1,032,689
Quoted equity securities	276,471	289,415
Quoted exchange traded funds	20,811	20,371
Unquoted equity securities	4,039	7,336
Quoted unit and property trust funds	136,811	134,482
Deposits with financial institutions	130,799	239,940
Loans receivable	321,028	335,920
Total	4,136,680	4,199,713

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

	2015 RM'000	2014 RM'000
LAR	451,827	575,860
AFS	3,562,856	3,502,756
FVTPL	121,997	121,097
	4,136,680	4,199,713

(a) LAR

At amortised cost:		
Deposits with financial institutions	130,799	239,940
Loans receivable:		
Policy loans	313,095	324,481
Mortgage loans	7,104	8,977
Term loan to related party (Note 34(a))	4,000	6,000
Other loans	592	803
	324,791	340,261
Accumulated impairment loss	(3,763)	(4,341)
	321,028	335,920
	451,827	575,860

Included in deposits with financial institutions of the Company are short term deposits with original maturity periods of less than 3 months amounting to RM129,899,000 (2014: RM239,158,000), which have been classified as cash and cash equivalents for the purpose of the statement of cash flows.

The term loan granted to a related party is secured by a property of the related party as collateral, repayable over a period of 15 years and bears interest at 5.55% per annum.

7. Investments (cont'd.)

(a) LAR (cont'd.)

The carrying value of the deposits with financial institutions approximates fair value due to the relatively short term maturities. The carrying value of the policy loans, term loan and other loans are reasonable approximations of fair value due to the insignificant impact of discounting.

The fair values of the mortgage loans have been established by comparing current market interest rates for similar financial instruments to the rates offered when the mortgage loans were first recognised together with appropriate market credit adjustments. As there are no significant differences between these rates, the carrying value of mortgage loans approximates fair value as at 31 December 2015 and 31 December 2014.

	2015 RM'000	2014 RM'000
(b) AFS		
At fair value:		
Malaysian Government securities	1,531,771	1,491,699
Government investment issues	182,609	92,914
Malaysian Government guaranteed bonds	598,839	539,354
Unquoted debt securities	908,260	1,026,329
Quoted equity securities	223,018	228,702
Quoted unit and property trust funds	114,320	116,422
	3,558,817	3,495,420
At cost less impairment:		
Unquoted equity securities net of impairment loss of RM3,359,000 (2014: RM62,000)	4,039	7,336
	3,562,856	3,502,756
(c) FVTPL		
Financial assets designated upon initial recognition at FVTPL:		
Malaysian Government securities	9,179	13,637
Government investment issues	2,927	1,956
Unquoted debt securities	13,136	6,360
Quoted equity securities	53,453	60,713
Quoted exchange traded funds	20,811	20,371
Quoted unit and property trust funds	22,491	18,060
	121,997	121,097

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7. Investments (cont'd.)

(d) Carrying values of financial instruments

	LAR RM'000	AFS RM'000	FVTPL RM'000	Total RM'000
At 1 July 2014	709,231	3,364,956	114,177	4,188,364
Purchases	-	3,083,867	42,665	3,126,532
Disposals	-	(2,944,147)	(32,605)	(2,976,752)
Fair value losses recorded in:				
Other comprehensive income	-	(400)	-	(400)
Insurance contract liabilities:				
Life funds (Note 15(A)(ii))	-	(9,994)	-	(9,994)
Investment linked funds	-	-	(3,058)	(3,058)
Realised gains/(losses) recorded in the income statement:				
- continuing operations (Note 21)	-	16,469	(82)	16,387
- discontinued operations	-	410	-	410
	-	16,879	(82)	16,797
Decrease in loans	(8,699)	-	-	(8,699)
Decrease in deposits with financial institutions	(135,266)	-	-	(135,266)
Write back of impairment loss on loans receivable (Note 39(d))	951	-	-	951
Increase in impairment loss on quoted equity securities				
- continuing operations (Note 24)	-	(5,135)	-	(5,135)
- discontinued operations	-	(230)	-	(230)
	-	(5,365)	-	(5,365)
Net amortisation of premiums:				
- continuing operations (Note 20)	-	(3,551)	-	(3,551)
- discontinued operations	-	225	-	225
	-	(3,326)	-	(3,326)
Assets classified as held for sale	9,643	286	-	9,929
At 31 December 2014	575,860	3,502,756	121,097	4,199,713

7. Investments (cont'd.)

(d) Carrying values of financial instruments (cont'd.)

	LAR RM'000	AFS RM'000	FVTPL RM'000	Total RM'000
At 1 January 2015	575,860	3,502,756	121,097	4,199,713
Purchases	-	3,832,823	70,999	3,903,822
Disposals	-	(3,749,887)	(67,581)	(3,817,468)
Fair value gains/(losses) recorded in:				
Other comprehensive income	-	7,652	-	7,652
Insurance contract liabilities:				
Life funds (Note 15(A)(ii))	-	(24,177)	-	(24,177)
Investment linked funds	-	-	(2,458)	(2,458)
Realised gains/(losses) recorded in the income statement:				
- continuing operations (Note 21)	-	13,227	(60)	13,167
- discontinued operations	-	(2,142)	-	(2,142)
	-	11,085	(60)	11,025
Decrease in loans	(15,469)	-	-	(15,469)
Decrease in deposits with financial institutions	(109,142)	-	-	(109,142)
Write back of impairment loss on loans receivable (Note 39(d))	578	-	-	578
Increase in impairment loss on unquoted equity securities (Note 24)	-	(3,297)	-	(3,297)
Increase in impairment loss on quoted equity securities (Note 24)	-	(7,408)	-	(7,408)
Net amortisation of premiums:				
- continuing operations	-	(6,609)	-	(6,609)
- discontinued operations	-	(82)	-	(82)
	-	(6,691)	-	(6,691)
At 31 December 2015	451,827	3,562,856	121,997	4,136,680

7. Investments (cont'd.)

(e) Fair values of financial instruments

The following tables show investments recorded at fair value analysed by the different bases as follows:

	AFS RM'000	FVTPL RM'000	Total RM'000
31 December 2015			
Quoted market bid price	337,338	96,755	434,093
Valuation techniques			
- market observable inputs	3,221,479	25,242	3,246,721
	3,558,817	121,997	3,680,814
31 December 2014			
Quoted market bid price	345,124	99,144	444,268
Valuation techniques			
- market observable inputs	3,150,296	21,953	3,172,249
	3,495,420	121,097	3,616,517

Included in the quoted category are financial instruments that are measured in whole or in part by reference to quoted market bid prices. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange.

Financial instruments 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, investment in unit and property trusts with fair values obtained via fund managers and instruments that are valued using the Company's own models whereby the majority of assumptions are market observable.

For the Company's unquoted equity securities, 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 investment, less impairment. All transaction costs directly attributable to the acquisition are also included in the cost of the investment.

7. Investments (cont'd.)

(f) Range of effective interest rates

The range of effective interest rates for each class of interest-bearing investment and placements with licensed financial institutions are as below:

	2015 %	2014 %
Malaysian Government securities	2.57 - 4.88	3.56 - 4.81
Government investment issues	3.50 - 4.80	3.89 - 4.35
Malaysian Government guaranteed bonds	4.57 - 5.14	3.68 - 5.58
Unquoted debt securities	4.08 - 12.21	2.72 - 12.40
Deposits with financial institutions	0.15 - 4.50	0.15 - 4.00
Loans receivable	4.00 - 9.00	4.00 - 9.00

(g) Interest-bearing contractual re-pricing or maturity dates

The earlier of the contractual re-pricing or maturity dates for each class of interest-bearing investment and placements with licensed financial institutions are as below:

	Interest-bearing contractual re-pricing or maturity dates (whichever is earlier)			
	1 year or less RM'000	1 year to 5 years RM'000	More than 5 years RM'000	Total RM'000
31 December 2015				
Malaysian Government securities	2,418	127,320	1,411,212	1,540,950
Government investment issues	-	14,941	170,595	185,536
Malaysian Government guaranteed bonds	-	-	598,839	598,839
Unquoted debt securities	92,489	351,931	476,976	921,396
Deposits with financial institutions	130,799	-	-	130,799
Loans receivable*	363	4,871	3,685	8,919
	226,069	499,063	2,661,307	3,386,439

7. Investments (cont'd.)

(g) Interest-bearing contractual re-pricing or maturity dates (cont'd.)

	Interest-bearing contractual re-pricing or maturity dates (whichever is earlier)			
	1 year or less	1 year to 5 years	More than 5 years	Total
31 December 2014				
Malaysian Government securities	-	253,594	1,251,742	1,505,336
Government investment issues	-	24,600	70,270	94,870
Malaysian Government guaranteed bonds	10,268	-	529,086	539,354
Unquoted debt securities	169,161	471,588	391,940	1,032,689
Deposits with financial institutions	239,940	-	-	239,940
Loans receivable*	320	7,157	5,470	12,947
	419,689	756,939	2,248,508	3,425,136

* The Company's policy loan portfolio of RM312,109,000 (2014: RM322,973,000) (net of impairment loss of RM986,000 (2014: RM1,508,000)) is not included in the above loans receivable as there are no specific maturity dates.

8. Reinsurance assets

	2015 RM'000	2014 RM'000
Reinsurance of insurance contracts	8,471	2,559

9. Insurance receivables

	2015 RM'000	2014 RM'000
Due premiums including agents/brokers and coinsurers balances	46,590	36,663
Due from reinsurers and cedants	9,968	2,936
	56,558	39,599

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

10. Other receivables

	2015 RM'000	2014 RM'000
Financial assets:		
Income due and accrued	47,090	42,398
Other receivables	1,319	1,553
	48,409	43,951
Non-financial assets:		
Prepayments	818	2,093
Tax recoverable	-	20
	818	2,113
	49,227	46,064

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

11. Discontinued operations and disposal group classified as held for sale

On 1 December 2014, Fairfax Financial Holdings Limited ("Fairfax") through its wholly-owned subsidiary, The Pacific Insurance Berhad ("Pacific Insurance"), entered into a business transfer agreement with the Company and Koperasi MCIS Berhad ("Koperasi") to acquire the general insurance ("GI") business of MCIS for a total cash consideration of RM42.8 million. The transfer of GI business, including relevant GI personnel, was completed on 1 March 2015. Consequently, effective from 1 March 2015, the Company is no longer operating a GI business and serves solely as a Life insurance company.

11. Discontinued operations and disposal group classified as held for sale (cont'd.)

(a) Statement of financial position, income statement and other comprehensive income

As the transfer of the GI business was completed during the year, the assets and liabilities of GI business are no longer presented in the statement of financial position as at 31 December 2015.

The discontinued operations included balances and transactions relating to the Malaysian Motor Insurance Pool ("MMIP"). These balances and transactions were closely related to the GI business and were therefore reclassified as part of discontinued operations.

The major classes of assets and liabilities of the GI Business classified as held for sale as at 31 December 2014 were as follows:

	MMIP RM'000	Other GI business RM'000	Total RM'000
31 December 2014			
Assets			
Property and equipment	-	315	315
Intangible assets	-	450	450
Investments*	-	194,109	194,109
Reinsurance assets**	-	143,572	143,572
Insurance receivables	-	17,309	17,309
Deferred tax assets	-	831	831
Other receivables	63,046	10,263	73,309
Assets classified as held for sale	63,046	366,849	429,895
Liabilities			
Insurance contract liabilities	70,840	336,480	407,320
Insurance payables	-	26,552	26,552
Other payables	-	2,986	2,986
Liabilities directly associated with assets classified as held for sale	70,840	366,018	436,858
Net (liabilities)/assets directly associated with disposal group	(7,794)	831	(6,963)

11. Discontinued operations and disposal group classified as held for sale (cont'd.)

(a) Statement of financial position, income statement and other comprehensive income (cont'd.)

	MMIP RM'000	Other GI business RM'000	Total RM'000
31 December 2014 (cont'd.)			
Reserves of disposal group classified as held for sale			
AFS reserves	-	(4,344)	(4,344)
Deferred tax effects on AFS reserves	-	1,086	1,086
	-	(3,258)	(3,258)
Fair value measurement:			
Assets			
Assets measured at fair value	-	138,435	138,435
Assets measured at cost/amortised cost	63,046	228,414	291,460
	63,046	366,849	429,895
Liabilities			
Liabilities measured at cost/amortised cost	70,840	366,018	436,858

* Included in investments are short term deposits with original maturity periods of less than 3 months amounting to RM55,674 which have been classified as cash and cash equivalents for the purpose of statement of cash flow.

** Net of impairment loss of RM1,684,000.

11. Discontinued operations and disposal group classified as held for sale (cont'd.)

(a) Statement of financial position, income statement and other comprehensive income (cont'd.)

The results of the GI business are presented below:

For the two-month period ended 28 February 2015

	MMIP RM'000	Other GI business RM'000	Total RM'000
Gross earned premiums	(638)	27,224	26,586
Earned premiums ceded to reinsurers	(290)	(9,984)	(10,274)
Net earned premiums	(928)	17,240	16,312
Investment income	-	1,681	1,681
Realised gains and losses	-	(2,142)	(2,142)
Fee and commission income	(2)	3,225	3,223
Other operating revenue	-	8	8
Other revenue	(2)	2,772	2,770
Gross benefits and claims paid	173	(13,361)	(13,188)
Claims ceded to reinsurers	-	3,265	3,265
Gross change in contract liabilities	2,678	4,631	7,309
Change in contract liabilities ceded to reinsurers	-	(3,319)	(3,319)
Net benefits and claims	2,851	(8,784)	(5,933)
Fee and commission expenses	42	(2,616)	(2,574)
Management expenses	-	(3,734)	(3,734)
Other operating expenses	(1,180)	(1,867)	(3,047)
Other expenses	(1,138)	(8,217)	(9,355)
Profit before taxation	783	3,011	3,794
Taxation	1,556	(798)	758
Profit for the period	2,339	2,213	4,552

11. Discontinued operations and disposal group classified as held for sale (cont'd.)

(a) Statement of financial position, income statement and other comprehensive income (cont'd.)

Other comprehensive income:

	MMIP RM'000	Other GI business RM'000	Total RM'000
AFS reserves:			
Gain on fair value changes of AFS investments	-	4,574	4,574
Realised gain transferred to the income statement	-	(230)	(230)
Deferred tax relating to components of other comprehensive income	-	(1,086)	(1,086)
Other comprehensive gain for the period, net of tax	-	3,258	3,258

For the six-month period ended 31 December 2014

	MMIP RM'000	Other GI business RM'000	Total RM'000
Gross earned premiums	7,068	78,515	85,583
Earned premiums ceded to reinsurers	(253)	(26,446)	(26,699)
Net earned premiums	6,815	52,069	58,884
Investment income	1,255	4,056	5,311
Realised gains and losses	-	410	410
Fee and commission income	19	5,704	5,723
Other operating income	35	2,174	2,209
Other revenue	1,309	12,344	13,653
Gross benefits and claims paid	(5,632)	(45,042)	(50,674)
Claims ceded to reinsurers	-	10,182	10,182
Gross change in contract liabilities	(4,761)	(8,713)	(13,474)
Change in contract liabilities ceded to reinsurers	-	(1,770)	(1,770)
Net benefits and claims	(10,393)	(45,343)	(55,736)

11. Discontinued operations and disposal group classified as held for sale (cont'd.)

(a) Statement of financial position, income statement and other comprehensive income (cont'd.)

For the six-month period ended 31 December 2014 (cont'd.)

	MMIP RM'000	Other GI business RM'000	Total RM'000
Fee and commission expenses	(830)	(10,394)	(11,224)
Management expenses	(25)	(13,079)	(13,104)
Other expenses	(855)	(23,473)	(24,328)
Loss before taxation	(3,124)	(4,403)	(7,527)
Taxation	1,835	601	2,436
Net loss for the period	(1,289)	(3,802)	(5,091)
Other comprehensive income:			
AFS reserves:			
Gain on fair value changes of AFS investments	-	1,279	1,279
Realised gain transferred to the income statement	-	(1,967)	(1,967)
Deferred tax relating to components of other comprehensive income	-	172	172
Other comprehensive loss for the period, net of tax	-	(516)	(516)

The net cash flows for GI business are as follows:

	01.01.2015 to 28.02.2015 RM'000	01.07.2014 to 31.12.2014 RM'000
Cash flows from:		
Operating activities	54,221	789
Investing activities	-	(789)
Net increase in cash and bank balances	54,221	-

11. Discontinued operations and disposal group classified as held for sale (cont'd.)

(b) Gain on disposal of General insurance business

The cash consideration of RM42.8 million set out in the business transfer agreement was subject to adjustments to be made to the value of the assets and liabilities at the finalisation of transfer. Based on the final completion accounts as at 28 February 2015, the final consideration was adjusted to RM42.4 million, of which RM8.2 million was placed with a bank which is encumbered, by virtue of being held to meet any potential indemnity claims in relation to the sale of general insurance business, as disclosed in Note 36.

Analysis of assets and liabilities over which control was transferred:

	RM'000
Assets	
Property and equipment	301
Intangible assets	415
Investments	145,852
Reinsurance assets	142,044
Insurance receivables	27,108
Other receivables	3,437
Cash and bank balances	54,221
Total assets	373,378
Liabilities	
Insurance contract liabilities	331,754
Insurance payables	34,406
Other payables	7,218
Total liabilities	373,378
Net asset disposed of	-

Gain on disposal of GI business

	RM'000
Final consideration	42,370
Net asset disposed of	-
Transaction and incidental costs*	(6,689)
Gain on disposal	35,681

* Excludes transaction and incidental costs of RM742,000 which were incurred and recognised in the six-month period ended 31 December 2014.

The gain on disposal is included in the profit for the year from discontinued operations.

12. Share capital

	2015 No. of Shares ('000)	2015 RM'000	2014 No. of Shares ('000)	2014 RM'000
Authorised:				
Ordinary share of RM1.00 each				
At 1 July 2014/1 January 2015/ 31 December 2015	200,000	200,000	200,000	200,000
Issued and paid-up:				
Ordinary share of RM1.00 each				
At 1 July 2014/1 January 2015/ 31 December 2015	100,284	100,284	100,284	100,284

13. Retained profits

The non-distributable retained earnings represent the unallocated surplus from the Non-Par funds. In accordance with Section 83 of the Financial Services Act, 2013, the unallocated surplus is only available for distribution to the shareholders upon approval/recommendation by the Appointed Actuary.

Pursuant to the single tier tax system, any dividends distributed by the Company will be exempted from tax in the hands of shareholders. The Company shall not be entitled to deduct tax on dividend paid, credited or distributed to shareholders.

The Company may distribute single tier exempt dividend to its shareholders out of its retained earnings. Pursuant to Section 51(1) of the FSA, the Company is required to obtain BNM's written approval prior to declaring or paying any dividend . Pursuant to the RBC Framework for Insurers, the Company shall not pay dividends if its Capital Adequacy Ratio position is less than its internal target capital level or if the payment of dividend would impair its Capital Adequacy Ratio position to below its internal target.

14. Merger reserves

In June 2002, the Company acquired the entire equity interest in a subsidiary for a purchase consideration of RM123,349,408 via the issuance of 30,085,221 new ordinary shares of RM1.00 each to the vendors of the subsidiary at an issue price of RM4.10 per ordinary share.

As a result of using merger relief provisions, under Section 60(4) of the Companies Act, 1965, the merger reserve was created in place of a share premium account and this reserve has been utilised to write-off the goodwill arising from the business combination in the Group financial statements and impairment in value of the investment in subsidiary at the effective date of acquisition, in the Company's financial statements.

The merger reserve was arrived at after considering the fair value of the subsidiary acquired, the nominal value of ordinary shares issued as consideration for the acquisition and the write-off of goodwill on consolidation in June 2002 as follows:

	RM'000
Fair value of subsidiary acquired	123,349
Nominal value of shares issued as consideration	(30,085)
Merger reserve on acquisition	93,264
Write-off of goodwill on consolidation	(52,592)
	40,672

In August 2014, the subsidiary was struck off and dissolved.

15. Insurance contract liabilities

	2015 Gross RM'000	2015 Reinsurance RM'000	2015 Net RM'000	2014 Gross RM'000	2014 Reinsurance RM'000	2014 Net RM'000
Life insurance (Note A)	3,853,393	(8,471)	3,844,922	3,797,578	(2,559)	3,795,019
Discontinued operations:						
General insurance (Note B)	-	-	-	407,320	(145,257)	262,063
Less: Impairment loss	-	-	-	-	1,685	1,685
	-	-	-	407,320	(143,572)	263,748
	3,853,393	(8,471)	3,844,922	4,204,898	(146,131)	4,058,767

(A) Life insurance

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

(i) Life insurance contract liabilities

	2015 Gross RM'000	2015 Reinsurance RM'000	2015 Net RM'000	2014 Gross RM'000	2014 Reinsurance RM'000	2014 Net RM'000
Provision for outstanding claims	73,188	(2,521)	70,667	59,408	(2,559)	56,849
Actuarial liabilities	3,194,000	(5,950)	3,188,050	3,076,625	-	3,076,625
Participating fund unallocated surplus	427,174	-	427,174	487,852	-	487,852
Participating fund AFS reserves	(60,751)	-	(60,751)	(38,457)	-	(38,457)
Participating fund asset revaluation reserves	78,013	-	78,013	78,004	-	78,004
NAV attributable to unitholders	141,769	-	141,769	134,146	-	134,146
	3,853,393	(8,471)	3,844,922	3,797,578	(2,559)	3,795,019

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15. Insurance contract liabilities (cont'd.)

(A) Life insurance (cont'd.)

(ii) Movements of life insurance contract liabilities

31 December 2015	Provision for outstanding claims RM'000	Actuarial liabilities RM'000	Participating fund unallocated surplus RM'000	Non Participating fund unallocated surplus RM'000	Participating fund AFS reserve RM'000	Participating fund asset revaluation reserve RM'000	NAV attributable to unitholders RM'000	Gross liabilities RM'000	Reinsurance RM'000	Net liabilities RM'000
As at 1 January 2015	59,408	3,076,625	487,852	-	(38,457)	78,004	134,146	3,797,578	(2,559)	3,795,019
Net earned premiums	-	-	410,295	114,302	-	-	37,382	561,979	-	561,979
Other revenue	-	-	168,735	17,698	-	-	889	187,322	-	187,322
Net benefits and claims	13,780	-	(392,639)	(75,016)	-	-	(30,565)	(484,440)	8,506	(475,934)
Other expenses	-	-	(120,674)	(48,449)	-	-	(43)	(169,166)	-	(169,166)
Policy movement	-	67,908	(55,077)	(12,831)	-	-	-	-	-	-
Interest rate	-	(11,025)	9,119	1,906	-	-	-	-	-	-
Adjustments due to changes in assumptions:										
- Model change	-	40,031	(39,720)	(311)	-	-	-	-	-	-
- Others	-	20,461	(15,013)	8,970	-	-	-	14,418	(14,418)	-
Changes in AFS reserve	-	-	-	-	(24,177)	-	-	(24,177)	-	(24,177)
Taxation on AFS reserve (Note 16)	-	-	-	-	1,883	-	-	1,883	-	1,883
Taxation on asset revaluation reserve (Note 16)	-	-	-	-	-	9	-	9	-	9
Taxation on taxable investment income	-	-	(10,169)	(1,211)	-	-	(40)	(11,420)	-	(11,420)
Participating fund surplus transferred to shareholders' fund (Note 42)	-	-	(15,538)	-	-	-	-	(15,538)	-	(15,538)
Reclassification of unallocated surplus of non-participating funds to shareholders' fund (Note 42)	-	-	-	(5,058)	-	-	-	(5,058)	-	(5,058)
As at 31 December 2015	73,188	3,194,000	427,171	-	(60,751)	78,013	141,769	3,853,390	(8,471)	3,844,919

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15. Insurance contract liabilities (cont'd.)

(A) Life insurance (cont'd.)

(ii) Movements of life insurance contract liabilities (cont'd.)

31 December 2014	Provision for outstanding claims RM'000	Actuarial liabilities RM'000	Participating fund unallocated surplus RM'000	Non Participating fund unallocated surplus RM'000	Participating fund AFS reserve RM'000	Participating fund asset revaluation reserve RM'000	NAV attributable to unitholders RM'000	Gross liabilities RM'000	Reinsurance RM'000	Net liabilities RM'000
As at 1 July 2014	59,685	3,099,697	450,938	-	(29,141)	36,929	131,970	3,750,078	(3,291)	3,746,787
Net earned premiums	-	-	194,796	51,797	-	-	15,616	262,209	-	262,209
Other revenue	-	-	94,481	11,252	-	-	23	105,756	-	105,756
Net benefits and claims	(277)	-	(197,408)	(33,095)	-	-	(13,449)	(244,229)	2,722	(241,507)
Other expenses	-	-	(57,523)	(18,747)	-	-	(38)	(76,308)	-	(76,308)
Policy movement	-	24,088	(17,605)	(6,483)	-	-	-	-	-	-
Interest rate	-	(8,687)	6,518	2,169	-	-	-	-	-	-
Adjustments due to changes in assumptions:										
- Model change	-	(11,206)	8,562	2,644	-	-	-	-	-	-
- Others	-	(27,267)	20,082	9,175	-	-	-	1,990	(1,990)	-
Changes in AFS reserve	-	-	-	-	(9,994)	-	-	(9,994)	-	(9,994)
Taxation on AFS reserve (Note 16)	-	-	-	-	678	-	-	678	-	678
Changes in asset revaluation reserve	-	-	-	-	-	44,657	-	44,657	-	44,657
Taxation on asset revaluation reserve (Note 16)	-	-	-	-	-	(3,582)	-	- (3,582)	-	(3,582)
Taxation on taxable investment income	-	-	(7,143)	(839)	-	-	24	(7,958)	-	(7,958)
Participating fund surplus transferred to shareholders' fund (Note 42)	-	-	(7,846)	(67,000)	-	-	-	- (74,846)	-	(74,846)
Reclassification of unallocated surplus of non-participating funds to shareholders' fund (Note 42)	-	-	-	49,127	-	-	-	49,127	-	49,127
As at 31 December 2014	59,408	3,076,625	487,852	-	(38,457)	78,004	134,146	3,797,578	(2,559)	3,795,019

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15. Insurance contract liabilities (cont'd.)

(B) General insurance (Discontinued operations)

	<---------- 31.12.2014 --------->		
	Gross RM'000	Reinsurance RM'000	Net RM'000
Provision for claims reported by policyholders	200,842	(91,764)	109,078
Provision for incurred but not reported ("IBNR") claims and provision for risk margin for adverse deviations ("PRAD")	129,373	(33,909)	95,464
	330,215	(125,673)	204,542
Less: Impairment loss on reinsurance assets	-	1,685	1,685
Claim liabilities (i)	330,215	(123,988)	206,227
Premium liabilities (ii)	77,105	(19,584)	57,521
	407,320	(143,572)	263,748

(i) Claim liabilities

	Gross RM'000	Reinsurance RM'000	Net RM'000
At 1 July 2014	316,741	(126,518)	190,223
Claims incurred in the current accident period	33,586	(6,307)	27,279
IBNR and PRAD incurred	8,302	(411)	7,891
Claims incurred in prior accident years	22,260	(2,619)	19,641
Claims paid during the period	(50,674)	10,182	(40,492)
	330,215	(125,673)	204,542
Less: Impairment loss on reinsurance assets	-	1,685	1,685
At 31 December 2014	330,215	(123,988)	206,227

(ii) Premium liabilities

	Gross RM'000	Reinsurance RM'000	Net RM'000
At 1 July 2014	83,027	(20,084)	62,943
Premiums written in the period	79,661	(26,199)	53,462
Premiums earned during the period (Note 11(a))	(85,583)	26,699	(58,884)
At 31 December 2014	77,105	(19,584)	57,521

16. Deferred taxation

	Note	2015 RM'000	2014 RM'000
At 1 January 2015/1 July 2014		14,742	24,060
Recognised in:			
Income statement			
Taxation life insurance business	28(a)	(852)	(540)
Taxation of the Company			
- Continuing operations		(225)	(12,698)
- Discontinued operations		-	370
	28(b)	(225)	(12,328)
Other comprehensive income			
- Continuing operations		713	818
- Discontinued operations		1,086	(172)
		1,799	646
Insurance contract liabilities	15(A)(ii)	(1,892)	2,904
At 31 December 2015/2014		13,572	14,742

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.

	Note	2015 RM'000	2014 RM'000
Presented after appropriate offsetting as follows:			
Continuing operations:			
Deferred tax liabilities		18,668	18,393
Deferred tax assets		(5,096)	(2,820)
		13,572	15,573
Discontinued operations:			
Deferred tax liabilities		-	255
Deferred tax assets		-	(1,086)
	11	-	(831)
		13,572	14,742

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16. Deferred taxation (cont'd.)

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

Deferred tax liabilities	Accretion and amortisation on investment assets RM'000	Accelerated capital allowances RM'000	Assets revaluation reserves RM'000	Unallocated surplus RM'000	Total RM'000
1 July 2014	594	468	4,734	20,974	26,770
Recognised in:					
Income statement	(594)	426	-	(12,283)	(12,451)
Other comprehensive income	-	-	747	-	747
Insurance contract liabilities	-	-	3,582	-	3,582
At 31 December 2014/1 January 2015	-	894	9,063	8,691	18,648
Recognised in:					
Income statement	-	(747)	-	867	120
Other comprehensive income	-	-	(91)	-	(91)
Insurance contract liabilities	-	-	(9)	-	(9)
At 31 December 2015	-	147	8,963	9,558	18,668
Comprising of:					
- Continuing operations	-	147	8,963	9,558	18,668

16. Deferred taxation (cont'd.)

The components and movements of deferred tax liabilities and assets during the financial year/period prior to offsetting are as follows (cont'd.):

	Accretion and amortisation on investment assets RM'000	Fair value of investments assets RM'000	Total RM'000
Deferred tax assets			
At 1 July 2014	-	(2,710)	(2,710)
Recognised in:			
Income statement	(417)	-	(417)
Other comprehensive income	-	(101)	(101)
Insurance contract liabilities	-	(678)	(678)
At 31 December 2014/1 January 2015	(417)	(3,489)	(3,906)
Recognised in:			
Income statement	(1,197)	-	(1,197)
Other comprehensive income	-	1,890	1,890
Insurance contract liabilities	-	(1,883)	(1,883)
At 31 December 2015	(1,614)	(3,482)	(5,096)
Comprising of:			
- Continuing operations	(1,614)	(3,482)	(5,096)

17. Insurance payables

	2015 RM'000	2014 RM'000
Due to agents and intermediaries	13,663	9,078
Due to reinsurers and cedants	10,278	3,700
Due to policyholders	29,360	33,607
Accrual for agency related expenses	22,521	9,723
	75,822	56,108

The carrying amounts disclosed above approximate fair value at the reporting date. All amounts are payable within one year.

18. Other payables

	2015 RM'000	2014 RM'000
Financial liabilities:		
Dividend payable to policyholders	31,955	23,097
Others	76,270	57,670
	108,225	80,767
Non-financial liabilities:		
Provision for rental deficiency compensation (i)	34,792	34,792
Accrued expenses	4,739	2,204
Other payables	775	1,575
	40,306	38,571
	148,531	119,338

(i) In March 2014, Bank Negara Malaysia ("BNM") had requested the Company to compensate the participating fund and its policyholders for the deficiency in rental income and unrelated rental expenses that had been historically incurred. The deficiency in rental income is in relation to discounted rental rates charged to tenants of properties held by the participating funds, whereas the unrelated rental expenses incurred are in relation to the cost of leasing space charged to the participating funds which are not directly attributable to the business of the participating funds.

The Company appointed an independent actuary to calculate the appropriate amount of compensation. The total estimated compensation provided for amounts to RM34.8 million (2014: RM34.8 million).

The payment of the compensation to policyholders will be carried out upon the finalisation of the final compensation amount with BNM.

The carrying amounts of financial liabilities disclosed above approximate fair value at the reporting date.

19. Net earned premiums

Life insurance contracts	01.01.2015 to 31.12.2015 RM'000	01.07.2014 to 31.12.2014 RM'000
Gross premiums	571,109	266,823
Premiums ceded	(9,130)	(4,614)
Net earned premiums	561,979	262,209

20. Investment income

	01.01.2015 to 31.12.2015 RM'000	01.07.2014 to 31.12.2014 RM'000
Rental income related to properties	3,527	1,673
Expenses related to properties	(2,809)	(1,516)
AFS financial assets:		
Interest/profit income	140,094	71,284
Dividend income:		
- Quoted equity securities in Malaysia	10,051	7,122
- Unquoted equity securities in Malaysia	194	-
- Quoted unit and property trust funds	6,691	3,563
LAR interest/profit income	38,844	20,027
Other investment income	312	39
Sundry investment expenses	(1,898)	(929)
	195,006	101,263
Net amortisation of premiums on investment	(6,609)	(3,551)
	188,397	97,712

21. Realised gains and losses

	01.01.2015 to 31.12.2015 RM'000	01.07.2014 to 31.12.2014 RM'000
AFS financial assets:		
Realised gains:		
Quoted equity securities in Malaysia	1,065	3,444
Unquoted debt securities in Malaysia	20,018	15,414
Realised losses:		
Quoted equity securities in Malaysia	-	(9)
Unquoted debt securities in Malaysia	(7,856)	(2,380)
Total realised gains for AFS financial assets	13,227	16,469
FVTPL:		
Realised gains:		
Quoted equity securities in Malaysia	2,590	75
Unquoted debt securities in Malaysia	396	106
Realised losses:		
Quoted equity securities in Malaysia	(3,024)	(250)
Unquoted debt securities in Malaysia	(22)	(13)
	(60)	(82)
	13,167	16,387

21. Realised gains and losses (cont'd.)

Total realised gains of AFS financial assets transferred from other comprehensive income amounts to RM499,000 (2014: RM1,967,000).

22. Fair value gains and losses

	01.01.2015 to 31.12.2015 RM'000	01.07.2014 to 31.12.2014 RM'000
Investment properties	200	630
Quoted equity securities	(1,888)	(4,005)
Quoted unit and property trust funds	851	339
Quoted exchange traded funds	(1,392)	595
Unquoted debts securities	(29)	13
	(2,258)	(2,428)

23. Fee and commission income

	01.01.2015 to 31.12.2015 RM'000	01.07.2014 to 31.12.2014 RM'000
Reinsurance commission income	206	-

24. Net other operating revenue/(expenses)

	01.01.2015 to 31.12.2015 RM'000	01.07.2014 to 31.12.2014 RM'000
Other operating revenue:		
Other miscellaneous income	644	510
Write back of impairment loss on loans receivable	578	951
	1,222	1,461

24. Net other operating revenue/(expenses) (cont'd.)

	01.01.2015 to 31.12.2015 RM'000	01.07.2014 to 31.12.2014 RM'000
Other operating expenses:		
Provision for compensation to participating funds (Note 18(i))	-	(9,392)
Impairment loss on unquoted equity securities	(3,297)	-
Impairment loss on quoted equity securities	(7,408)	(5,135)
Mortgage loans and other loans written off	(45)	(830)
Agency special benefit	(2,000)	(2,500)
Property and equipment written-off	(1)	(1)
Other miscellaneous expenses	(3,338)	(1,130)
	(16,089)	(18,988)

25. Net benefits and claims

Life insurance contracts	01.01.2015 to 31.12.2015 RM'000	01.07.2014 to 31.12.2014 RM'000
Gross benefits and claims paid	(484,440)	(244,229)
Claims ceded to reinsurers	8,506	2,723
Gross change in contract liabilities	(78,097)	(15,742)
Change in contract liabilities ceded to reinsurers	5,912	(731)
	(548,119)	(257,979)

26. Fee and commission expenses

	01.01.2015 to 31.12.2015 RM'000	01.07.2014 to 31.12.2014 RM'000
Agency commission expenses	81,099	37,485

27. Management expenses

	Note	01.01.2015 to 31.12.2015 RM'000	01.07.2014 to 31.12.2014 RM'000
Employee benefits expenses	(a)	39,600	18,628
Directors' remuneration	(b)	1,042	827
Auditors' remuneration:			
- statutory audits		374	415
- regulatory related services		78	74
- other services		106	79
Office rental		1,627	659
Equipment rental		174	68
Depreciation of property and equipment	3	6,846	2,534
Amortisation of intangible assets	5	1,903	985
Amortisation of prepaid land lease payments	6	12	5
Entertainment		129	49
Electronic data processing expenses		5,165	1,978
Advertising and promotion		966	796
Repair and maintenance		1,886	765
Agency training		779	415
Printing and stationery		1,418	703
Electricity and water		1,640	716
Telephone and postages		1,260	461
Legal and consultancy fees		2,515	1,714
Finance charges		4,071	2,079
Other expenses		8,874	3,310
		80,465	37,260

(a) Employee benefits expenses

	01.01.2015 to 31.12.2015 RM'000	01.07.2014 to 31.12.2014 RM'000
Wages and salaries	27,557	12,124
Social security contributions	212	100
Contributions to defined contribution plan, EPF	3,588	1,709
Other benefits	8,243	4,695
	39,600	18,628

27. Management expenses (cont'd.)

(b) Directors' remuneration

The details of directors' remuneration for the financial year/period are as follows:

	01.01.2015 to 31.12.2015 RM'000	01.07.2014 to 31.12.2014 RM'000
Fees	361	478
Allowances and other emoluments	681	349
	1,042	827

Directors' fees

	01.01.2015 to 31.12.2015 RM'000
For the financial year 31 December 2015	
Tan Sri Mohamed Al Amin bin Abdul Majid	46
Dato' Balaram a/l Petha Naidu	42
Dato' Hj Mustapha @ Mustapa bin Md Nasir	42
Kirupalani a/l Chelliah	42
Murugiah M N Singham	42
Dato' Dr Mohd. Khir Abdul Rahman	42
Cornelius Karel Foord*	42
Philippus Rudolph Van Rooijen*	42
William Robertson Dommissee*	21
	(i) 361

27. Management expenses (cont'd.)

(b) Directors' remuneration (cont'd.)

(i) Relating to directors' fees accrued for the twelve-month period ended 31 December 2015 to be proposed at the upcoming Annual General Meeting ("AGM").

	Relating to period		
	01.07.2014 to 31.12.2014	**01.07.2013 to 30.06.2014**	**Total**
For the financial period	**RM'000**	**RM'000**	**RM'000**
31 December 2014			
Tan Sri Mohamed Al Amin bin Abdul Majid	23	46	69
Dato' Balaram a/l Petha Naidu	21	42	63
Dato' Hj Mustapha @ Mustapa bin Md Nasir	21	42	63
Kirupalani a/l Chelliah	21	42	63
Eva Ip Yee Kwan	-	40	40
Murugiah M N Singham	21	42	63
Dato' Dr Mohd. Khir Abdul Rahman	21	40	61
Cornelius Karel Foord*	21	7	28
Philippus Rudolph Van Rooijen*	21	7	28
	(ii) 170	(iii) 308	478

(ii) Relating to directors' fees accrued for the six-month period ended 31 December 2014 approved at the AGM held in May 2015 and paid during the year ended 31 December 2015.

(iii) Relating to directors' fees for the financial year ended 30 June 2014 approved at the AGM held in November 2014 paid during the six-month period ended 31 December 2014.

	01.01.2015 to 31.12.2015	**01.07.2014 to 31.12.2014**
	RM'000	**RM'000**
<u>Directors' allowances and other emoluments</u>		
Tan Sri Mohamed Al Amin bin Abdul Majid	155	89
Dato' Balaram a/l Petha Naidu	71	38
Dato' Hj Mustapha @ Mustapa bin Md Nasir	71	41
Kirupalani a/l Chelliah	78	42
Murugiah M N Singham	73	37
Dato' Dr Mohd. Khir Abdul Rahman	68	35
Cornelius Karel Foord*	66	34
Philippus Rudolph Van Rooijen*	57	33
William Robertson Dommissee*	42	-
	681	349

* Fees and allowances for the Directors are paid to Sanlam Emerging Markets Proprietary Limited ("SEM") (Note 34(a)(iv)).

27. Management expenses (cont'd.)

(b) Directors' remuneration (cont'd.)

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

	Number of directors	
	2015	2014
Below RM50,000	-	1
RM50,001 - RM100,000	2	3
RM100,001 - RM150,000	6	4
RM150,001 - RM200,000	-	1
RM200,001 - RM250,000	1	-

(c) Chief Executive Officer ("CEO")'s remuneration

The remuneration including benefit-in-kind, attributable to the CEO of the Company during the financial year amounted to RM1,187,000 (01.07.2014 to 31.12.2014: RM429,000). The details of the remuneration have been provided in Note 34(b).

28. Taxation

	Note	01.01.2015 to 31.12.2015 RM'000	01.07.2014 to 31.12.2014 RM'000
Taxation of life insurance business	(a)	11,420	7,958
Taxation of the Company:			
- continuing operations		6,007	2,263
- discontinued operations		(758)	(2,436)
	(b)	5,249	(173)
		16,669	7,785

28. Taxation (cont'd.)

(a) Taxation of life insurance business

	01.01.2015 to 31.12.2015 RM'000	01.07.2014 to 31.12.2014 RM'000
Tax expenses/(income):		
Current tax	12,272	8,498
Deferred tax	(852)	(540)
	11,420	7,958
Current income tax:		
Malaysian income tax	12,272	7,977
Under provision of income tax expense in prior years	-	521
	12,272	8,498
Deferred tax:		
Relating to origination and reversal of temporary differences (Note 16)	(852)	(540)
	11,420	7,958

The income tax for the life insurance business is calculated based on the tax rate of 8% (2014: 8%) of the assessable investment income for the financial year/period. The taxes of the respective funds are disclosed in Note 42 - Insurance Funds.

(b) Taxation of the Company

	01.01.2015 to 31.12.2015 RM'000	01.07.2014 to 31.12.2014 RM'000
Tax expenses:		
Current tax	5,474	12,155
Deferred tax	(225)	(12,328)
	5,249	(173)
Current income tax:		
Malaysian income tax	5,474	11,021
Underprovision of income tax expense in prior years	-	1,134
	5,474	12,155
Deferred tax:		
Relating to origination and reversal of temporary differences (Note 16)	(225)	(12,328)
	5,249	(173)

28. Taxation (cont'd.)

(b) Taxation of the Company (cont'd.)

The income tax for the Company is calculated based on the tax rate of 25% (2014: 25%) of the estimated assessable profit for the financial year/period.

(c) Reconciliation of income tax expense

A reconciliation of income tax expense applicable to profit/(loss) before taxation of the Company at the statutory income tax rate to income tax expense at the effective income tax rate is as follows:

	01.01.2015 to 31.12.2015 RM'000	01.07.2014 to 31.12.2014 RM'000
Profit before taxation:		
Continued operations	25,521	15,671
Discontinued operations	39,475	(7,527)
	64,996	8,144
Taxation at Malaysian statutory tax rate of 25% (2014: 25%)	16,249	2,036
Utilisation of Section 110B credit	(1,149)	(5,614)
Additional tax deduction in respect of contribution to MMIP*	(1,753)	(2,340)
Expenses not deductible for tax purposes	998	4,611
Income not taxable for tax purposes	(9,096)	-
Underprovision of income tax expense in prior years	-	1,134
Tax expense for the year/period	5,249	(173)

* In accordance with the P.U.(A) 419 Income Tax (Deduction for Contribution by Licensed Insurers to the Malaysian Motor Insurance Pool) Rule 2012, cash contributions made to MMIP via cash calls is allowed for as a deduction in the year when such cash is paid to the MMIP. The Company has recognised this benefit as an additional tax deduction in the financial year/period.

29. Earnings/(loss) per share

Earnings/(loss) per share is calculated by dividing profit/(loss) for the financial year/period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year/period.

	01.01.2015 to 31.12.2015	01.07.2014 to 31.12.2014
Profit/(loss) attributable to ordinary equity holders:		
Continuing operations (RM'000)	19,514	13,408
Discontinued operations (RM'000)	40,233	(5,091)
	59,747	8,317
Weighted average number of shares in issue ('000)	100,284	100,284
Basic and diluted earnings/(loss) per share:		
Continuing operations (sen)	19.5	13.4
Discontinued operations (sen)	40.1	(5.1)
	59.6	8.3

There were no dilutive potential ordinary shares as at the reporting date.

There have been no other transactions involving ordinary shares between the reporting date and the date of issuance of these financial statements.

30. Dividends

	Amount		Net dividend per share	
	01.01.2015 to 31.12.2015 RM'000	01.07.2014 to 31.12.2014 RM'000	01.01.2015 to 31.12.2015 Sen	01.07.2014 to 31.12.2014 Sen
Approved and paid:				
Dividend paid in respect of the financial year ended 30 June 2014:				
Interim single-tier dividend of 5% paid on 21 November 2014	-	5,014	-	5.00
Final single-tier dividend of 10% paid on 16 December 2014	-	10,028	-	10.00
Dividend paid in respect of the financial period ended 31 December 2014:				
Final single tier dividend of 149.57% paid on 24 June 2015	149,996	-	149.57	-
	149,996	15,042	149.57	15.00

31. Cash flows

	Note	01.01.2015 to 31.12.2015 RM'000	01.07.2014 to 31.12.2014 RM'000
Profit/(Loss) before taxation:			
Continuing operations		25,521	15,671
Discontinued operations	11	39,475	(7,527)
		64,996	8,144
Taxation of life insurance business	28(a)	11,420	7,958
Investment income	20	(195,006)	(101,263)
Realised gains recorded in income statement	7(d)	(11,025)	(16,797)
Purchases of FVTPL financial assets	7(d)	(70,999)	(42,665)
Purchases of AFS investments	7(d)	(3,832,823)	(3,083,867)
Proceeds from sale of AFS investments	7(d)	3,749,887	2,944,147
Proceeds from sale of FVTPL financial assets	7(d)	67,581	32,605
(Decrease)/Increase in LAR		(40,322)	8,679
Investment income received		190,314	94,681
Non-cash items:			
Gain on disposal of general insurance business	11	(35,681)	-
Depreciation of property and equipment	3	6,846	2,689
Amortisation of intangible assets	5	1,903	985
Amortisation of prepaid land lease payments	6	12	5
Property and equipment written-off	24	1	1
Fair value gain on investment properties	4	(200)	(630)
Net amortisation of investments	7(d)	6,691	3,326
Impairment loss/(write-back) on:			
- AFS investments	7(d)	10,705	5,365
- Insurance receivables		-	(1,750)
- Loans receivable	7(d)	(578)	(951)
- Reinsurance assets		-	760
Changes in working capital:			
(Increase)/decrease in assets:			
Reinsurance assets		(5,912)	3,002
Insurance receivables		(16,959)	12,173
Other receivables		1,529	(16,071)
Increase/(decrease) in liabilities:			
Insurance contract liabilities		80,559	26,350
Insurance payables		19,714	(17,854)
Other payables		14,709	21,352
Cash generated from/(used in) operating activities		17,362	(109,626)

The Company classifies the cash flows from the acquisition and disposal of financial assets as operating cash flows, as the purchases are funded from the cash flows associated with the origination of insurance contracts, net of the cash flows for payments of benefits and claims incurred for insurance contracts, which are respectively treated under operating activities.

32. Operating lease arrangements

(a) The Company as lessee

The Company has entered into a lease agreement for rental of equipment, software and services and office premises.

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

Future minimum rental payments:

	2015 RM'000	2014 RM'000
Rental of equipment, software and services:		
Payable within one year	163	125
Payable after one year	231	306
	394	431
Rental of office premises:		
Payable within one year	764	1,590
Payable after one year	546	1,715
	1,310	3,305

(b) The Company as lessor

The Company has entered into non-cancellable operating lease arrangements on its portfolio of properties. The leases have remaining non-cancellable lease terms of between 1 and 3 years. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions.

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

	2015 RM'000	2014 RM'000
Receivable within one year	1,484	967
Receivable after one year	3,925	656
	5,409	1,623

33. Capital commitments

The commitments of the Company as at the reporting date are as follows:

	2015 RM'000	2014 RM'000
Approved and contracted for:		
Intangible assets	240	-
Approved but not contracted for:		
Property and equipment	6,808	4,137
Intangible assets	2,319	882
	9,127	5,019

34. Significant related party disclosures

(a) Related parties

The related parties and their relationship with the Company as at 31 December 2015 are as follows:

Name	Relationship
Sanlam Emerging Markets Proprietary Limited ("SEM")	Immediate holding company
Koperasi MCIS Berhad	Corporate shareholder
Sanlam Life Insurance Limited	Related company of SEM
National Land Finance Co-operative Society Limited	A Co-operative in which Dato' Balaram a/l Petha Naidu is also a director

The Directors are of the opinion that the related party transactions were carried out on terms and conditions no more favourable than those available on similar transactions with unrelated parties, unless otherwise stated.

	01.01.2015 to 31.12.2015 RM'000	01.07.2014 to 31.12.2014 RM'000
Transactions with related parties:		
(i) Interest income received from:		
National Land Finance Co-operative Society Limited	250	168
(ii) Rental income received from:		
Koperasi MCIS Berhad	364	53
(iii) Directors' fees and allowances to:		
SEM	270	123

34. Significant related party disclosures (cont'd.)

(a) Related parties (cont'd.)

	01.01.2015 to 31.12.2015 RM'000	01.07.2014 to 31.12.2014 RM'000
Transactions with related parties: (cont'd.)		
(iv) Reimbursable costs to:		
Sanlam Life Insurance Limited	273	100
(v) Sponsor for corporate social responsibiliy activities:		
Koperasi MCIS Berhad	25	20

Balances with related parties:

	31.12.2015 RM'000	31.12.2014 RM'000
(i) Term loan granted to (Note 7(a)):		
National Land Finance Co-operative Society Limited	4,000	6,000
(ii) Directors' fees and allowances to:		
SEM	213	-
(iii) Reimbursement costs to:		
Sanlam Life Insurance Limited	93	-

(b) Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. In line with this classification, the key management personnel of the Company includes Directors and the CEO:

Compensation of key management personnel

The remuneration of key management personnel during the year/period was as follows:

	01.01.2015 to 31.12.2015 RM'000	01.07.2014 to 31.12.2014 RM'000
Directors' remuneration:		
Directors' fees	361	478
Directors' allowances and other emoluments	681	349
	1,042	827
CEO's remuneration:		
Salaries and bonuses	1,161	413
Benefits-in-kind	26	16
	1,187	429

35. Regulatory capital requirement

The capital structure of the Company as prescribed under RBC Framework is provided as below:

	2015 RM'000	2014 RM'000
Eligible Tier 1 capital		
Share capital (paid-up)	100,284	100,284
Reserves, including retained earnings	1,144,858	1,262,884
	1,245,142	1,363,168
Tier 2 capital		
Eligible reserves	18,399	41,039
Deduction: Intangible assets, deferred tax assets and cash restricted in use	(25,990)	(15,472)
Total capital available as at 31 December	1,237,551	1,388,735

36. Contingent liabilities

(i) Under the terms of business transfer agreement (see Note 11), in the event that the cumulative claims amounts paid by Pacific Insurance over a 5-year period in relation to loss events that occurred prior to the transfer date (i.e. 1 March 2015) in respect of policies transferred exceeds the net claims liability reserves of the GI business transferred to Pacific Insurance ("the Excess"), the placement monies will be used to indemnify Pacific Insurance on the Excess. Should the placement monies of RM8.2 million as disclosed in statement of cash flows be insufficient to pay the Excess, the Company shall pay Pacific Insurance the Excess over and above the placement monies amount provided always that the total indemnity for the Excess shall not exceed RM16.3 million.

(ii) In March 2015, the Company instituted legal proceedings against a former tenant of one of the Company's properties to seek recovery of outstanding rentals, utilities charges, reinstatement costs and corresponding late payment charges. In accordance with the Company's accounting policy, these outstanding sums are fully impaired in the 30 June 2015 financial statements. The Company had obtained Summary Jugdment in September 2015 for its claims on outstanding rentals and late payment charges on rental, while claims on reinstatement costs and utilities charges are pending trial date. In response to these proceedings, the former tenant filed a counter-claim against the Company for loss of branding and goodwill, amongst others. As the counter-claims by the former tenant is still at a pre-trial stage, any outflows as a result of this counter-claim are considered not probable. Accordingly, no provision for any liability has been made in these financial statements.

37. Risk management framework

(a) Overview of risk management framework

The Company has an integrated risk management framework and processes for identifying, measuring, monitoring and controlling risks which may impact both earnings and capital. It practices the Three Lines of Defence framework.

The responsibility for risk management and control is embedded into the respective business lines functions, the First Line of Defense, to ensure that risk management processes are manage effectively. The Risk Management and Compliance Department ("RMCD"), as the Second Line of Defense, independently for assessing and reporting the potential risk impact and probability across the organization and the adequacy of risk management actions. This includes assessing and reporting risks related to financial, compliance and operational aspects of the business.

The Internal Audit, as Third Line of Defense, provides support in identifying and highlighting any controls for improvement.

The risk profiles, risk exposure, emerging risks and compliance with risk appetite and regulatory requirements as well as the adequacy of the mitigating actions are reviewed and reported to the Board Risk Management Committee (“BRMC”) on a regular basis.

The Management Investment Committee ("MIC") provides oversight on all aspects of investment management to safeguard the interests of policyholders and shareholders, or reduces return of capital. All significant investment activities are reported to the Board directly by the MIC.

(b) Capital management objectives, policies and approach

Capital management risk is the risk of having insufficient capital or inefficient levels of surplus, which may impact the implementation of strategic objectives, reduces the Company’s ability to manage losses that are not anticipated, and reduces confidence of the market, policyholders and creditors, or reduces return on capital for shareholders.

The Company’s capital management objectives are to maintain effective capital management processes and a level of capital resources consistent with the risk profiles approved by the Board to support business development, at the same time meeting the shareholders’ requirements, as well as the capital adequacy requirement set by BNM.

37. Risk management framework (cont'd.)

(b) Capital management objectives, policies and approach (cont'd.)

The Company's capital management objectives are governed under the Internal Capital Adequacy Assessment Process ("ICAAP") Framework, and sets out the framework for planning, managing, monitoring and optimizing the Company's capital position.

(c) Governance and regulatory framework

The Company has adequate risk management frameworks and policies to assess and identify any inherent risks and set out how the risks are to be managed.

(d) Financial instrument by category

	FVTPL RM'000	AFS RM'000	LAR RM'000	Sub-total RM'000	Assets not in scope of MFRS 139 RM'000	Total RM'000
31 December 2015						
Assets						
Property and equipment	-	-	-	-	128,503	128,503
Investment properties	-	-	-	-	16,540	16,540
Intangible assets	-	-	-	-	11,952	11,952
Prepaid land lease payments				-	225	225
Investments	121,997	3,562,856	451,827	4,136,680	-	4,136,680
Reinsurance assets	-	-	-	-	8,471	8,471
Insurance receivables	-	-	56,558	56,558	-	56,558
Other receivables	-	-	48,409	48,409	818	49,227
Cash and bank balances	-	-	46,978	46,978	-	46,978
Total assets	121,997	3,562,856	603,772	4,288,625	166,509	4,455,134

	FVTPL RM'000	Other financial liabilities RM'000	Sub-total RM'000	Liabilities not in scope of MFRS 139 RM'000	Total RM'000
Liabilities					
Insurance contract liabilities	-	-	-	3,853,393	3,853,393
Deferred tax liabilities	-	-	-	13,572	13,572
Insurance payables	-	-	-	75,822	75,822
Provision for taxation	-	-	-	1,523	1,523
Other payables	-	108,225	108,225	40,306	148,531
Total liabilities	-	108,225	108,225	3,984,616	4,092,841

37. Risk management framework (cont'd.)

(d) Financial instrument by category (cont'd.)

	FVTPL RM'000	AFS RM'000	LAR RM'000	Sub-total RM'000	Assets not in scope of MFRS 139 RM'000	Total RM'000
31 December 2014						
Assets						
Property and equipment	-	-	-	-	134,491	134,491
Investment properties	-	-	-	-	16,340	16,340
Intangible assets	-	-	-	-	13,367	13,367
Prepaid land lease payments	-	-	-	-	237	237
Investments	121,097	3,502,756	575,860	4,199,713	-	4,199,713
Reinsurance assets	-	-	-	-	2,559	2,559
Insurance receivables	-	-	39,599	39,599	-	39,599
Other receivables	-	-	43,951	43,951	2,113	46,064
Cash and bank balances	-	-	7,424	7,424	-	7,424
Assets classified as held for sale	-	-	-	-	429,895	429,895
Total assets	121,097	3,502,756	666,834	4,290,687	599,002	4,889,689

	FVTPL RM'000	Other financial liabilities RM'000	Sub-total RM'000	Liabilities not in scope of MFRS 139 RM'000	Total RM'000
Liabilities					
Insurance contract liabilities	-	-	-	3,797,578	3,797,578
Deferred tax liabilities	-	-	-	15,573	15,573
Insurance payables	-	-	-	56,108	56,108
Provision for taxation	-	-	-	17,545	17,545
Other payables	-	80,767	80,767	38,571	119,338
Liabilities directly associated with the assets classified as held for sale	-	-	-	436,858	436,858
Total liabilities	-	80,767	80,767	4,362,233	4,443,000

38. Insurance risk

Insurance risk is the risk that inadequate or inappropriate underwriting, claims management, product design and pricing will expose the Company to financial loss and may result in the inability to meet its liabilities.

Life insurance risk

The Company's life insurance businesses are exposed to a range of life insurance risks from various products. In providing insurance protection, the Company has to manage risks such as mortality (the death of policyholder), morbidity (ill health), longevity (annuity), product design and pricing.

The mortality and morbidity risks are managed through the use of reinsurance to transfer risks in excess of the Company's risk appetite, appropriate actuarial methodologies/techniques for reserving as well as other risk mitigating measures.

Persistency (or lapsation) risk is managed through monitoring of experience. Where possible, the potential financial impact of lapses is reduced by persistency management, product design requirements, experience monitoring and management actions.

Poorly designed or inadequately priced products may lead to both financial loss and reputation risk to the Company. Policies have been developed to support the Company through complete product development processes, financial analysis and pricing.

The table below shows the concentration of life insurance contract liabilities by type of contract as at the reporting date:

Life insurance contract liabilities	Gross RM'000	Reinsurance RM'000	Net RM'000
2015			
Whole life	676,508	(96)	676,412
Endowment	2,309,628	(268)	2,309,360
Term assurance	181,156	(2,075)	179,081
Medical and Health	2,780	-	2,780
Annuity	528,819	-	528,819
Others	154,502	(6,032)	148,470
	3,853,393	(8,471)	3,844,922

38. Insurance risk (cont'd.)

Life insurance risk (cont'd.)

Life insurance contract liabilities (cont'd.)

	Gross RM'000	Reinsurance RM'000	Net RM'000
2014			
Whole life	538,148	(97)	538,051
Endowment	2,337,081	(272)	2,336,809
Term assurance	144,772	(2,106)	142,666
Medical and Health	7,806	-	7,806
Annuity	527,510	-	527,510
Others	242,261	(84)	242,177
	3,797,578	(2,559)	3,795,019

Key assumptions

Material judgment is required in the choice of assumptions to determine the value of life insurance liabilities. 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 further evaluated on a continuous basis in order to ensure realistic and reasonable valuations.

The sensitivity analysis below shows the impact of changes in key assumptions on the value of life insurance liabilities. The analysis below is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on liabilities. The correlation of assumptions will have a significant effect in determining the liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis.

There are no material change to the methods used to derive assumptions from the previous year.

38. Insurance risk (cont'd.)

Life insurance risk (cont'd.)

Key assumptions (cont'd.)

The analysis which follows is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on gross and net liabilities, profit after taxation and equity. 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, mainly due to the impact of changes to both the intrinsic cost and time value of options and guarantees. When options and guarantees exist, they are the main reason for the asymmetry of sensitivities.

Life insurance contracts

	Change in assumptions %	Impact on gross liabilities RM'000	Impact on net liabilities RM'000	Impact on profit before taxation RM'000	Impact on equity* RM'000
2015					
Fund yield (par fund)	+1%	(252,490)	(252,490)	-	-
Risk free yield	+1%	(16,575)	(16,575)	(16,575)	(12,431)
Mortality and morbidity	+25%	31,958	31,958	32,323	24,242
Lapse and surrenders	+25%	(42,633)	(42,633)	(212)	(159)
Expenses	+25%	40,366	40,366	8,562	6,422
2014					
Fund yield (par fund)	+1%	(207,562)	(207,562)	-	-
Risk free yield	+1%	(19,795)	(19,795)	(17,212)	(12,909)
Mortality and morbidity	+25%	19,322	19,322	15,189	11,392
Lapse and surrenders	+25%	(37,628)	(37,628)	(130)	(98)
Expenses	+25%	41,664	41,664	5,437	4,078

* Impact on equity reflects adjustments for tax, when applicable.

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

38. Insurance risk (cont'd.)

Life insurance risk (cont'd.)

General insurance risk (Discontinued operations)

The Company's general insurance businesses are exposed to the possibility of occurrence of an insured event and uncertainty of the amount and timing of the resultant claim. The principal risk that the Company faces is that the actual claims exceed the carrying amount of insurance liabilities.

The probability and severity of risk events are managed through a diversification of insurance portfolio and careful selection of risks, together with the implementation of underwriting strategy and guidelines, limiting the Company's exposure to large claims and catastrophes by placing risk with reinsurers as well as regular claims management and claims review to minimize the uncertainty of claims development as well as to mitigate dubious or fraudulent claims whilst ensuring fair claims settlement on a timely basis.

The table below sets out the concentration of general insurance risk by contract type as at the reporting date:

	<------------------2014---------------------->		
Claim liabilities	**Gross claim liabilities RM'000**	**Reinsurance claim liabilities RM'000**	**Net claim liabilities RM'000**
Marine, aviation and transit	31,454	(25,839)	5,615
Contractors all risks and engineering	45,403	(40,909)	4,494
Fire	39,605	(27,511)	12,094
Liabilities	26,735	(21,967)	4,768
Medical and health	779	(436)	343
Motor	169,495	(6,426)	163,069
Personal accident	6,469	(991)	5,478
Workmen compensation	233	(20)	213
Others	10,042	(1,574)	8,468
	330,215	(125,673)	204,542
Impairment loss on reinsurance assets	-	1,685	1,685
	330,215	(123,988)	206,227

38. Insurance risk (cont'd.)

Life insurance risk (cont'd.)

General insurance risk (Discontinued operations) (cont'd.)

	<------------------2014------------------>		
Premium liabilities	**Gross premium liabilities RM'000**	**Reinsurance premium liabilities RM'000**	**Net premium liabilities RM'000**
Marine, aviation and transit	6,197	(4,751)	1,446
Contractors all risks and engineering	2,806	(1,794)	1,012
Fire	8,999	(5,997)	3,002
Liabilities	550	64	614
Medical and health	373	(214)	159
Motor	52,342	(6,692)	45,650
Personal accident	2,036	35	2,071
Workmen compensation	69	7	76
Others	3,733	(242)	3,491
	77,105	(19,584)	57,521

General insurance contract liabilities are determined based on previous claims experience, existing knowledge of events, the terms and conditions of the relevant policies and interpretation of circumstances. Of particular relevance is past experience with similar cases, historical claims development trends, legislative changes, judicial decisions, economic conditions and claims handling procedures. The estimates of the general insurance contract liabilities are therefore sensitive to various factors and uncertainties. The actual future premium and claims liabilities may not develop exactly as projected and may vary from initial estimates.

The principal assumptions underlying the estimation of liabilities is that the Company's future claims development will follow a similar pattern to past claims development experience. This includes assumptions in respect of average claim costs, claim handling costs, claim inflation factors and average number of claims for each accident year.

Additional qualitative judgments are used to assess the extent to which past trends may not apply in the future, for example, isolated occurrence, changes in market factors such as public attitude to claiming, economic conditions, as well as internal factors, such as, portfolio mix, policy conditions and claims handling procedures. Judgment is further used to assess the extent to which external factors such as judicial decisions and government legislation, affect the probability and incidence of claims.

Other key circumstances affecting the reliability of assumptions include variation in interest rates and delays in settlement and changes in foreign currency rates.

38. Insurance risk (cont'd.)

General Insurance risk (Discontinued operations) (cont'd.)

Key assumptions (cont'd.)

Sensitivities

The general insurance claim liabilities are sensitive to the key assumptions shown below. It is not possible to quantify the sensitivity of certain assumptions, such as, legislative changes or uncertainty in the estimation process.

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, profit before taxation and equity. 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.

	< ---------- Increase/(Decrease) ---------- >				
	Change in assumptions %	Impact on gross liabilities RM'000	Impact on net liabilities RM'000	Impact on profit before taxation RM'000	Impact on equity* RM'000
2014					
Average claim cost	+10%	29,100	18,400	(18,400)	(13,800)
Average number of claims	+10%	20,900	15,900	(15,900)	(11,925)
Average claim settlement period	+6 months	3,100	2,400	(2,400)	(1,800)

* *Impact on equity reflects adjustments for tax, when applicable*

The above assumptions do not have impact to continuing operations.

An equivalent decrease in the assumptions shown above would have resulted in an equivalent, but opposite, impact.

38. Insurance risk (cont'd.)

General Insurance risk (Discontinued operations) (cont'd.)

Key assumptions (cont'd.)

Claims development table

The following tables show the estimate of cumulative incurred claims, including both claims notified and Incurred But Not Report ("IBNR") for each successive accident year at each reporting date, together with cumulative payments to-date.

In setting provisions for claims, the Company gives consideration to the probability and magnitude of future experience being more adverse than assumed and exercises a degree of caution in setting reserves when there is considerable uncertainty. In general, the uncertainty associated with the ultimate claims experience in an accident year is greatest when the accident year is at an early stage of development and the margin necessary to provide the necessary confidence in adequacy of provision is relatively at its highest. As claims develop and the ultimate cost of claims becomes more certain, the relative level of margin maintained should decrease.

Data pertaining to the gross general insurance liabilities prior to underwriting year 2009 was not available and hence only post underwriting year 2010 developments in gross general reinsurance liabilities are disclosed.

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38. Insurance risk (cont'd.)

General Insurance risk (Discontinued operations) (cont'd.)

Gross general insurance contract liabilities for 2014:

Accident year	PRAD	Inward treaty	Prior to 2008 RM'000	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000	2014 RM'000	Dec-14 RM'000	Total RM'000
At end of accident year				138,812	122,509	135,798	135,990	145,104	105,396	57,245	
One year later				118,533	127,268	116,750	130,732	156,394	103,992		
Two years later			83,631	114,085	123,668	109,532	127,229	157,690			
Three years later			84,405	109,060	117,223	109,960	126,832				
Four years later			82,187	102,590	114,735	109,402					
Five years later			79,585	100,579	115,569						
Six years later			81,983	99,939							
Seven years later			86,361								
Claims incurred			86,361	99,939	115,569	109,402	126,832	157,690	103,992	57,245	857,030
At end of accident year						(34,987)	(31,393)	(35,455)	(58,384)	(7,189)	
One year later					(77,002)	(76,116)	(69,436)	(78,893)	(44,915)		
Two years later				(66,396)	(92,098)	(89,000)	(83,145)	(103,787)			
Three years later			(64,764)	(72,201)	(94,973)	(93,789)	(104,978)				
Four years later			(69,831)	(74,946)	(96,242)	(91,654)					
Five years later			(71,500)	(75,937)	(98,590)						
Six years later			(71,033)	(97,454)							
Seven years later			(77,170)								
Payments to date			(77,170)	(97,454)	(98,590)	(91,654)	(104,978)	(103,787)	(44,915)	(7,189)	(625,737)
Gross general insurance contract liabilities per statement of financial position (Note 15(B)(i))	36,023	62,899	9,191	2,485	16,979	17,748	21,854	53,903	59,077	50,056	330,215

38. Insurance risk (cont'd.)

General Insurance risk (Discontinued operations) (cont'd.)

Claims development table (cont'd.)

Net general insurance contract liabilities for 2014:

Accident year	PRAD	Inward treaty	Prior to 2008 RM'000	2009 RM'000	2010 RM'000	2,011 RM'000	2012 RM'000	2013 RM'000	2014 RM'000	Dec-14 RM'000	Total RM'000
At end of accident year			58,368	66,491	80,223	89,390	89,931	83,506	76,525	42,831	
One year later			56,254	65,385	79,415	81,447	88,989	80,843	79,229		
Two years later			54,077	65,439	80,399	78,013	85,328	82,298			
Three years later			54,949	63,640	76,891	75,968	85,617				
Four years later			53,874	62,353	75,066	75,010					
Five years later			52,288	60,384	75,120						
Six years later			51,883	59,927							
Seven years later			52,602								
Claims incurred			52,602	59,927	75,120	75,010	85,617	82,298	79,229	42,831	552,634
At end of accident year			(25,247)	(25,589)	(28,934)	(26,001)	(29,454)	(29,844)	(22,034)	(6,753)	
One year later			(41,418)	(49,414)	(55,416)	(53,896)	(60,732)	(55,720)	(37,508)		
Two years later			(44,933)	(55,312)	(64,751)	(64,040)	(69,609)	(61,520)			
Three years later			(48,026)	(57,120)	(68,803)	(67,437)	(73,723)				
Four years later			(49,924)	(57,655)	(70,931)	(68,960)					
Five years later			(50,839)	(58,175)	(71,554)						
Six years later			(50,883)	(58,245)							
Seven years later			(51,151)								
Payments to date			(51,151)	(58,245)	(71,554)	(68,960)	(73,723)	(61,520)	(37,508)	(6,753)	(429,414)
Net general insurance contract liabilities per statement of financial position (Note 15(B)(ii))	18,423	62,899	1,451	1,682	3,566	6,050	11,894	20,778	41,721	36,078	204,542

39. Financial risk

Market and credit risk

Market risk is the risk of asset or liability values being adversely affected by movement in the market prices or rates. This includes currency risk, interest rate risk and market price risk.

The Company manages market risk by setting polices on asset allocation, investment limits and diversification benchmarks. The Company adopts the asset liability matching criteria to minimize the impact of mismatches between the values of assets and liabilities from market movements.

Exposure to fixed income securities provides the Company's largest market risk exposure. The Company monitors its exposure levels through regular stress/sensitivity testing and constant market supervision of the asset prices. The Company has not transacted in any derivatives.

(a) Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Floating rate instruments expose the Company to cash flow interest rate risk, whereas fixed rate instrument expose the Company to fair value interest rate risk. The Company's exposure to interest rate risk arises primarily from investment in fixed income securities and deposits with licensed institutions.

The carrying amount, by maturity, of the Company's financial instruments that are exposed to interest rate risk is as disclosed in Note 7(g).

<u>Sensitivity analysis:</u>

The analysis that follows is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit before taxation (due to changes in fair value of floating rate financial assets and liabilities) and equity (that reflects adjustments to profit after taxation and revaluing fixed rate available–for–sale financial assets). The correlation of variables will have a significant effect in determining the ultimate impact on interest rate risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis. It should be noted that movements in these variables are non–linear.

39. Financial risk (cont'd.)

Market and credit risk (cont'd.)

(a) Interest rate risk (cont'd.)

	<--- Increase/(Decrease) --->		
	Changes in basis points	Impact on profit before taxation RM'000	Impact on equity* RM'000
2015			
Interest rates	+ 100 bps	-	(20,576)
Interest rates	- 100 bps	-	22,954
2014			
Interest rates	+ 100 bps	-	(34,990)
Interest rates	- 100 bps	-	38,764

* Impact on equity reflects adjustments for tax, when applicable.

The method used for deriving sensitivity information and significant variables did not change from the previous year.

The impact from change in interest rate to the insurance contract liabilities have been disclosed in Note 38.

(b) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company’s primary transactions are carried out in Ringgit Malaysia (RM) with minimal exposure to foreign currency risks.

(c) Equity price risk

Equity price risk is the risk that the fair value of equity assets will be adversely affected by movement in market prices (other than those arising from interest risk or currency risk), whether those changes are caused by factors specific to the individual financial instruments or its issuer or factors affecting similar financial instruments traded in the market.

39. Financial risk (cont'd.)

Market and credit risk (cont'd.)

(c) Equity price risk (cont'd.)

The Company's exposure to equity price risk arises from its investment in quoted equities traded in the Bursa Malaysia. The Company manages its exposure to equity price risk by setting policies and investment parameters governing asset allocation and investments limits, having regard to such limits stipulated by BNM as well as specific assessment for equity investments falling below 30% of its average historical cost or a prolonged decline in value for 12 consecutive months.

Sensitivity analysis:

The analysis below is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit before taxation (due to changes in fair value of financial assets and liabilities whose fair values are recorded in the income statements) and equity (that reflects adjustments to profit after taxation and changes in fair value of available–for–sale financial assets). The correlation of variables will have a significant effect in determining the ultimate impact on price risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis. It should be noted that movements in these variables are non–linear.

	<--------------- Increase/(Decrease) -------------		
	Changes in FBMKLCI %	Impact on profit before taxation RM'000	Impact on equity* RM'000
2015			
Market indices:			
Market value	+10%	-	4,740
Market value	-10%	-	(4,740)
2014			
Market indices:			
Market value	+10%	-	4,855
Market value	-10%	-	(4,855)

* Impact on equity reflects adjustments for tax, when applicable.

The method used for deriving sensitivity information and significant variables did not change from the previous year.

39. Financial risk (cont'd.)

(d) Credit risk

Credit risk is the risk of a financial loss resulting from the failure of an intermediary or counterparty to settle its financial and contractual obligations to the Company as and when they fall due.

The Company's primary exposure to credit risk arises through its investment in fixed income securities and deposits, obligations of reinsurers through reinsurance contracts and receivables from sales of insurance policies. The Company has in place a credit control policy and investment policy to manage its credit risk.

The Company manages the exposure to individual counterparties pertaining to its investment in fixed income securities, by measuring the exposure against internal limits, taking into consideration the credit ratings issued by the authorized rating agencies.

The Company actively monitors and considers the risk of a fall in value of the fixed income securities from changes in the credit worthiness of the issuer by managing individual exposures as well as the concentration of credit risks in its fixed income portfolio through asset allocation, observing minimum credit rating requirements, maximum limits for corporate debt, maximum duration as well as setting maximum permitted exposures to individual counterparties or group of counterparties.

Cash and deposits are placed with financial institutions licensed under the Financial Services Act, 2013 which are regulated by BNM, guided by the Company's approved exposure limits and minimum credit rating requirements.

Reinsurance arrangements are only placed with providers who meet the Company's counterparty credit standards and satisfy the minimum credit rating requirements of the Company. The Company reviews the credit condition of its reinsurers on an ongoing basis and reviews its reinsurance arrangements periodically. The Company cedes business to reinsurers that satisfy the minimum credit rating requirements of the Company.

In the unit-linked business, the policyholder bears the investment risk on the assets held in the unit-linked funds, as the policy benefits are directly linked to the value of the assets in the fund. Therefore, the Company has no material credit risk on unit-linked financial assets.

39. Financial risk (cont'd.)

(d) Credit risk (cont'd.)

Credit exposure

At the reporting date, the Company's maximum exposure to credit risk is represented by the amount of each class of financial assets recognised in the statement of financial position as shown in the table below:

	2015 RM'000	2014 RM'000
LAR		
Deposits with financial institutions	130,799	239,940
Loans receivables	321,028	335,920
AFS		
Malaysian Government securities	1,531,771	1,491,699
Government investment issues	182,609	92,914
Malaysian Government guaranteed bonds	598,839	539,354
Unquoted debt securities	908,260	1,026,329
FVTPL		
Malaysian Government securities	9,179	13,637
Government investment issues	2,927	1,956
Unquoted debt securities	13,136	6,360
Reinsurance assets	8,471	2,559
Insurance receivables	56,558	39,599
Other receivables	48,409	43,951
Cash and bank balances	46,978	7,424
Total credit risk exposure	3,858,964	3,841,642

Credit exposure by credit rating

The table below provides information regarding the credit risk exposure of the Company by classifying assets according to Rating Agency of Malaysia, Malaysian Rating Corporation Berhad, A.M. Best Company and Standards and Poor's credit ratings of counterparties. AAA is the highest possible rating. Assets that fall outside the range of AAA to BBB are classified as speculative grade.

39. Financial risk (cont'd.)

(d) Credit risk (cont'd.)

Credit exposure (cont'd.)

Credit exposure by credit rating (cont'd.)

	Neither past-due nor impaired					
2015	**Investment grade (BBB to AAA) RM'000**	**Non-investment grade (C to BB) RM'000**	**Not-rated RM'000**	**Unit linked RM'000**	**Past-due but not impaired RM'000**	**Total RM'000**
LAR						
Deposits with financial institutions	115,314	-	-	15,485	-	130,799
Loans	-	-	321,028	-	-	321,028
AFS						
Malaysian Government securities	-	-	1,531,771	-	-	1,531,771
Government investment issues	-	-	182,609	-	-	182,609
Malaysian Government guaranteed bonds	-	-	598,839	-	-	598,839
Unquoted debt securities	908,260	-	-	-	-	908,260
FVTPL						
Malaysian Government securities	-	-	-	9,179	-	9,179
Government investment issues	-	-	-	2,927	-	2,927
Unquoted debt securities	-	-	-	13,136	-	13,136
Reinsurance assets	8,471	-	-	-	-	8,471
Insurance receivables	9,968	-	46,590	-	-	56,558
Other receivables	9,740	-	38,288	381	-	48,409
Cash and bank balances	46,659	-	-	319	-	46,978
Total credit risk exposure	1,098,412	-	2,719,125	41,427	-	3,858,964

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39. Financial risk (cont'd.)

(d) Credit risk (cont'd.)

Credit exposure (cont'd.)

Credit exposure by credit rating (cont'd.)

	Neither past-due nor impaired					
2014	**Investment grade (BBB to AAA) RM'000**	**Non-investment grade (C to BB) RM'000**	**Not-rated RM'000**	**Unit linked RM'000**	**Past-due but not impaired RM'000**	**Total RM'000**
LAR						
Deposits with financial institutions	224,576	-	-	15,364	-	239,940
Loans	-	-	335,920	-	-	335,920
AFS						
Malaysian Government securities	-	-	1,491,699	-	-	1,491,699
Government investment issues	-	-	92,914	-	-	92,914
Malaysian Government guaranteed bonds	-	-	539,354	-	-	539,354
Unquoted debt securities	1,026,329	-	-	-	-	1,026,329
FVTPL						
Malaysian Government securities	-	-	-	13,637	-	13,637
Government investment issues	-	-	-	1,956	-	1,956
Unquoted debt securities	-	-	-	6,360	-	6,360
Reinsurance assets	2,559	-	-	-	-	2,559
Insurance receivables	2,936	-	36,663	-	-	39,599
Other receivables	12,978	-	30,498	475	-	43,951
Cash and bank balances	7,168	-	-	256	-	7,424
Total credit risk exposure	1,276,546	-	2,527,048	38,048	-	3,841,642

39. Financial risk (cont'd.)

(d) Credit risk (cont'd.)

Credit exposure (cont'd.)

It is the Company's policy to maintain accurate and consistent risk ratings across its credit portfolio. This enables management to focus on the applicable risks and the comparison of credit exposures across all lines of business and products. The rating system is supported by a variety of financial analytics combined with processed market information to provide the main inputs for the measurement of counterparty risk. All internal risk ratings are tailored to the various categories and are derived in accordance with the Company's rating policy. The attributable risk ratings are assessed and updated regularly.

The Company has not provided the credit risk analysis for the financial assets of the unit linked business where the liability to policyholders is linked to the performance and value of the assets that back those liabilities. The shareholders do not have direct exposure to any credit risk in those assets.

Age analysis of financial assets past-due but not impaired:

	< 30 days RM'000	31 to 60 days RM'000	61 to 90 days RM'000	91 to 180 days RM'000	> 180 days RM'000	Total RM'000
Discontinued operations						
2014						
Insurance receivables	1,933	1,542	996	3,703	4,470	12,644

39. Financial risk (cont'd.)

(d) Credit risk (cont'd.)

Reconciliation of allowance account

Movement in allowances for impairment for financial assets are as follows:

	<---- Individual impairment ----			---->	Collective impairment	
	Loans receivable RM'000 (Note 7(a))	**Insurance receivables* RM'000**	**Reinsurance assets* RM'000 (Note 16)**	**Sub Total RM'000**	**Insurance receivables* RM'000**	**Total RM'000**
At 1 July 2014	5,292	1,816	925	8,033	3,537	11,570
Allowance made during the period	-	27	760	787	-	787
Amount written back in respect of recoveries	(951)	-	-	(951)	(1,777)	(2,728)
At 31 December 2014	4,341	1,843	1,685	7,869	1,760	9,629
At 1 January 2015	4,341	1,843	1,685	7,869	1,760	9,629
Amount written back in respect of recoveries	(578)	-	-	(578)	-	(578)
Disposal of GI business		(1,843)	(1,685)	(3,528)	(1,760)	(5,288)
At 31 December 2015	3,763	-	-	3,763	-	3,763

* Relating to assets classified as held for sale.

39. Financial risk (cont'd.)

(e) Cash flow and liquidity risk

Liquidity risk is the risk that the Company is unable to meet its obligations due to insufficient liquid resources, or would have to incur excessive cost in meeting the obligations. In respect of catastrophic events, there is also a liquidity risk associated with the timing differences between gross cash outflows and expected reinsurance recoveries.

The Company manages the liquidity risk by monitoring daily cash inflows and outflows and by ensuring a reasonable amount of financial assets are kept in liquid instruments at all times. The Company also practices asset-liability management and ensures that the average investment duration and maturity profiles match the Company’s liabilities.

Maturity profiles

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

For insurance contract 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.

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39. Financial risk (cont'd.)

(e) Cash flow and liquidity risk (cont'd.)

Maturity profiles (cont'd.)

	Carrying value RM'000	Up to a year RM'000	1 - 5 years RM'000	5-15 years RM'000	Over 15 years RM'000	No maturity date RM'000	Total RM'000
2015							
Financial investments:							
LAR	451,827	131,472	5,249	6,567	-	312,109	455,397
AFS	3,562,856	97,536	567,711	2,330,235	2,252,583	341,377	5,589,442
FVTPL	121,997	-	3,433	30,921	3,323	96,755	134,432
	4,136,680	229,008	576,393	2,367,723	2,255,906	750,241	6,179,271
Reinsurance assets	8,471	8,471	-	-	-	-	8,471
Insurance receivables	56,558	56,558	-	-	-	-	56,558
Other receivables	48,409	48,409	-	-	-	-	48,409
Cash and bank balances	46,978	46,978	-	-	-	-	46,978
Total financial and insurance assets	4,297,096	389,424	576,393	2,367,723	2,255,906	750,241	6,339,687
Insurance contract liabilities	3,853,393	404,533	890,173	1,258,671	1,390,884	444,436	4,388,697
Insurance payables	75,822	75,822	-	-	-	-	75,822
Other payables	108,225	108,225	-	-	-	-	108,225
Total financial and insurance liabilities	4,037,440	588,580	890,173	1,258,671	1,390,884	444,436	4,572,744
Total liquidity surplus/(gap)	259,656	(199,156)	(313,780)	1,109,052	865,022	305,805	1,766,943

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39. Financial risk (cont'd.)

(e) Cash flow and liquidity risk (cont'd.)

Maturity profiles (cont'd.)

	Carrying value RM'000	Up to a year RM'000	1 - 5 years RM'000	5-15 years RM'000	Over 15 years RM'000	No maturity date RM'000	Total RM'000
2014							
Financial investments:							
LAR	575,860	243,390	7,148	4,392	4,771	322,973	582,674
AFS	3,502,756	186,196	871,827	2,465,307	1,113,685	352,460	4,989,475
FVTPL	121,097	-	5,091	26,090	84	99,144	130,409
	4,199,713	429,586	884,066	2,495,789	1,118,540	774,577	5,702,558
Reinsurance assets	2,559	2,559	-	-	-	-	2,559
Insurance receivables	39,599	39,599	-	-	-	-	39,599
Other receivables	43,951	43,951	-	-	-	-	43,951
Cash and bank balances	7,424	7,424	-	-	-	-	7,424
Total financial and insurance assets	4,293,246	523,119	884,066	2,495,789	1,118,540	774,577	5,796,091
Insurance contract liabilities	3,797,578	415,925	845,242	1,379,411	1,439,013	527,399	4,606,990
Insurance payables	56,108	56,108	-	-	-	-	56,108
Other payables	80,767	80,767	-	-	-	-	80,767
Total financial and insurance liabilities	3,934,453	552,800	845,242	1,379,411	1,439,013	527,399	4,743,865
Total liquidity surplus/(gap)	358,793	(29,681)	38,824	1,116,378	(320,473)	247,178	1,052,226

39. Financial risk (cont'd.)

(e) Cash flow and liquidity risk (cont'd.)

Maturity profiles (cont'd.)

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

2015	Current* RM'000	Non-current RM'000	Unit linked RM'000	Total RM'000
Assets				
Property and equipment	-	128,503	-	128,503
Investment properties	-	16,540	-	16,540
Intangible assets	-	11,952	-	11,952
Prepaid land lease payments	-	225	-	225
Investments:				
LAR	427,786	8,556	15,485	451,827
AFS	439,581	3,123,275	-	3,562,856
FVTPL	-	-	121,997	121,997
Reinsurance assets	8,471	-	-	8,471
Insurance receivables	56,558	-	-	56,558
Other receivables	48,846	-	381	49,227
Cash and bank balances	46,659	-	319	46,978
Total assets	1,027,901	3,289,051	138,182	4,455,134
Liabilities				
Insurance contract liabilities	318,627	3,392,997	141,769	3,853,393
Deferred tax liabilities	12,267	-	1,305	13,572
Insurance payables	75,822	-	-	75,822
Provision for taxation	374	-	1,149	1,523
Other payables	146,012	-	2,519	148,531
Total liabilities	553,102	3,392,997	146,742	4,092,841

* Expected utilisation or settlement within 12 months from the reporting date.

39. Financial risk (cont'd.)

(e) Cash flow and liquidity risk (cont'd.)

Maturity profiles (cont'd.)

The table below summarises the expected utilisation or settlement of assets and liabilities (cont'd.):

2014	Current* RM'000	Non-current RM'000	Unit linked RM'000	Total RM'000
Assets				
Property and equipment	-	134,491	-	134,491
Investment properties	-	16,340	-	16,340
Intangible assets	-	13,367	-	13,367
Prepaid land lease payments	-	237	-	237
Investments:				
LAR	547,869	12,627	15,364	575,860
AFS	531,889	2,970,867	-	3,502,756
FVTPL	-	-	121,097	121,097
Reinsurance assets	2,559	-	-	2,559
Insurance receivables	39,599	-	-	39,599
Other receivables	45,589	-	475	46,064
Cash and bank balances	7,168	-	256	7,424
Assets classified as held for sale	429,895	-	-	429,895
Total assets	1,604,568	3,147,929	137,192	4,889,689
Liabilities				
Insurance contract liabilities	403,145	3,260,287	134,146	3,797,578
Deferred tax liabilities	14,075	-	1,498	15,573
Insurance payables	56,108	-	-	56,108
Provision for taxation	16,611	-	934	17,545
Other payables	118,724	-	614	119,338
Liabilities directly associated with the assets classified as held for sale	436,858	-	-	436,858
Total liabilities	1,045,521	3,260,287	137,192	4,443,000

* Expected utilisation or settlement within 12 months from the reporting date.

40. Operational risks

Operational risk is the risk of loss arising from inadequate or failed internal processes, people and systems, or from external events.

The Company mitigates operational risks by establishing a proper framework for controls and procedures, which includes total risk profiling, documented procedures, proper segregation of duties, access controls, authorization and reconciliation procedures and staff training.

The RMCD assesses the effectiveness of the operational compliance and report to the GRCC and BRMC.

41. Fair value measurement

The following table provides the fair value measurement hierarchy of the Company's assets

		Fair value measurement using			
	Date of valuation	Level 1 - Quoted market price in active market	Level 2 - Significant observable inputs	Level 3 - Significant unobservable inputs	Total fair value
		RM'000	RM'000	RM'000	RM'000
2015					
Assets measured at fair value:					
Investment properties (Note 4)	31 December 2015	-	-	16,540	16,540
AFS financial assets (Note 7(b)):					
Malaysian Government securities	31 December 2015	-	1,531,771	-	1,531,771
Government investment issues	31 December 2015	-	182,609	-	182,609
Malaysian Government guaranteed bonds	31 December 2015	-	598,839	-	598,839
Unquoted debt securities	31 December 2015	-	908,260	-	908,260
Quoted equity securities	31 December 2015	223,018	-	-	223,018
Quoted unit and property trust funds	31 December 2015	114,320	-	-	114,320
		337,338	3,221,479	-	3,558,817

41. Fair value measurement (cont'd.)

2015 (cont'd.)	Date of valuation	Fair value measurement using: Level 1 - Quoted market price in active market RM'000	Level 2 - Significant observable inputs RM'000	Level 3 - Significant unobservable inputs RM'000	Total fair value RM'000
Assets measured at fair value: (cont'd.)					
Financial assets designated at FVTPL (Note 7(c)):					
Malaysian Government securities	31 December 2015	-	9,179	-	9,179
Government investment issues	31 December 2015	-	2,927	-	2,927
Unquoted debt securities	31 December 2015	-	13,136	-	13,136
Quoted equity securities	31 December 2015	53,453	-	-	53,453
Quoted exchange traded funds	31 December 2015	20,811	-	-	20,811
Quoted unit and property trust funds	31 December 2015	22,491	-	-	22,491
		96,755	25,242	-	121,997
Revalued property and equipment (Note 3)	November/ December 2014	-	-	123,028	123,028
		434,093	3,246,721	139,568	3,820,382

41. Fair value measurement (cont'd.)

	Date of valuation	Fair value measurement using: Level 1 - Quoted market price	Level 2 - Valuation Techniques - Market observable inputs	Level 3 - Significant unobservable inputs	Total fair value
		RM'000	RM'000	RM'000	RM'000
2014					
Assets measured at fair value:					
Investment properties (Note 4)	November/ December 2014	-	-	16,340	16,340
AFS financial assets (Note 7(b)):					
Malaysian Government securities	31 December 2014	-	1,491,699	-	1,491,699
Government investment issues	31 December 2014	-	92,914	-	92,914
Malaysian Government guaranteed bonds	31 December 2014	-	539,354	-	539,354
Unquoted debt securities	31 December 2014	-	1,026,329	-	1,026,329
Quoted equity securities	31 December 2014	228,702	-	-	228,702
Quoted unit and property trust funds	31 December 2014	116,422	-	-	116,422
		345,124	3,150,296	-	3,495,420

41. Fair value measurement (cont'd.)

	Date of valuation	Fair value measurement using: Level 1 - Quoted market price	Level 2 - Valuation Techniques - Market observable inputs	Level 3 - Significant unobservable inputs	Total fair value
		RM'000	RM'000	RM'000	RM'000
2014 (cont'd.)					
Financial assets designated at FVTPL (Note 7(c)):					
Malaysian Government securities	31 December 2014	-	13,637	-	13,637
Government investment issues	31 December 2014	-	1,956	-	1,956
Unquoted debt securities	31 December 2014	-	6,360	-	6,360
Quoted equity securities	31 December 2014	60,713	-	-	60,713
Quoted exchange traded funds	31 December 2014	20,371	-	-	20,371
Quoted unit and property trust funds	31 December 2014	18,060	-	-	18,060
		99,144	21,953	-	121,097
Revalued property and equipment (Note 3)	November/ December 2014	-	-	128,288	128,288
Discontinued operations (Note 11)	31 December 2014	-	138,435	-	138,435
		444,268	3,310,684	144,628	3,899,580

41. Fair value measurement (cont'd.)

The Company categorises its fair value measurements in accordance to the fair value hierarchy which is based on the priority of inputs to the valuation. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets, a lower priority to valuation techniques based on observable inputs and the lowest priority to valuation techniques based on unobservable inputs. An active market for the asset is a market in which transactions for the asset occur with sufficient frequency and volume to provide reliable pricing information on an ongoing basis.

A level is assigned to each fair value measurement based on the lowest level input significant to the fair value measurement in its entirety. The three-level hierarchy is defined as follows:

Level 1 - Quoted prices in active markets

Fair value measurements that reflect unadjusted, quoted prices in active markets for identical assets that the Company has the ability to access at the measurement date. Valuations are based on quoted prices reflecting market transactions involving assets or liabilities identical to those being measured.

Level 2 - Valuation technique supported by observable inputs

Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the financial asset or financial liabilities, either directly or indirectly. These include quoted prices for similar financial assets and financial liabilities in active markets, quoted prices for identical or similar financial assets and financial liabilities in inactive markets, inputs that are observable that are no prices (such as interest rates, credit risks, etc.) and inputs that are derived from or corroborated by observable market data.

Level 3 - Valuation technique supported by unobservable inputs

Fair value measurements using significant non market observable inputs. These include valuations for financial assets and financial liabilities that are derived using data, some or all of which is not market observable, including assumptions about risks.

There has been no transfers of financial assets between Level 1 and Level 2 during the financial year/period ended 31 December 2015 and December 2014.

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42. Insurance funds

The Company's activities are organised by funds and segregated into the Shareholders' and General, Life and Investment linked funds in accordance with the Financial Services Act, 2013. The statements of financial position, income statements and condensed statements of cash flows by funds are presented as follows:

Statements of financial position by funds
As at 31 December 2015

	Shareholders' and General funds		Life funds		Total	
	2015	2014	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Assets						
Property and equipment	19	16	128,484	134,475	128,503	134,491
Investment properties	-	-	16,540	16,340	16,540	16,340
Intangible assets	-	-	11,952	13,367	11,952	13,367
Prepaid land lease payments	-	-	225	237	225	237
Investments	313,511	380,398	3,823,169	3,819,315	4,136,680	4,199,713
Reinsurance assets	-	-	8,471	2,559	8,471	2,559
Insurance receivables	-	-	56,558	39,599	56,558	39,599
Other receivables*	58,245	340,602	47,094	45,090	49,227	46,064
Cash and bank balances	8,305	4,141	38,673	3,283	46,978	7,424
Assets classified as held for sale	-	429,895	-	-	-	429,895
Total assets	380,080	1,155,052	4,131,166	4,074,265	4,455,134	4,889,689

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42. Insurance funds (cont'd.)

Statements of financial position by funds (cont'd.)
As at 31 December 2015

	Shareholders' and General funds		Life funds		Total	
	2015	2014	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Total equity	362,293	446,689	-	-	362,293	446,689
Liabilities						
Insurance contract liabilities	-	-	3,853,393	3,797,578	3,853,393	3,797,578
Deferred tax liabilities	11,590	10,846	1,982	4,727	13,572	15,573
Insurance payables	-	-	75,822	56,108	75,822	56,108
Provision for taxation**	3,514	14,447	(1,991)	3,098	1,523	17,545
Other payables*	2,683	246,212	201,960	212,754	148,531	119,338
Liabilities directly associated with assets classified as held for sale	-	436,858	-	-	-	436,858
Total liabilities	17,787	708,363	4,131,166	4,074,265	4,092,841	4,443,000
Total equity and liabilities	380,080	1,155,052	4,131,166	4,074,265	4,455,134	4,889,689

* Included in other receivables and payables are inter-fund balances which are eliminated in presenting the Company's total results.

** Tax recoverable included in provision for taxation in presenting the Company's net results.

42. Insurance funds (cont'd.)

Income statement by funds
For the financial year ended 31 December 2015

	Shareholders' and General funds		Life funds		Total	
	01.01.2015 to 31.12.2015 RM'000	01.07.2014 to 31.12.2014 RM'000	01.01.2015 to 31.12.2015 RM'000	01.07.2014 to 31.12.2014 RM'000	01.01.2015 to 31.12.2015 RM'000	01.07.2014 to 31.12.2014 RM'000
Continuing operations:						
Gross earned premiums	-	-	571,109	266,823	571,109	266,823
Earned premiums ceded to reinsurer	-	-	(9,130)	(4,614)	(9,130)	(4,614)
Net earned premiums	-	-	561,979	262,209	561,979	262,209
Investment income	13,316	7,308	175,081	90,404	188,397	97,712
Realised gains and losses	87	68	13,080	16,319	13,167	16,387
Fair value gains and losses	-	-	(2,258)	(2,428)	(2,258)	(2,428)
Fee and commission income	-	-	206	-	206	-
Other operating revenue	9	-	1,213	1,461	1,222	1,461
Other revenue	13,412	7,376	187,322	105,756	200,734	113,132
Gross benefits and claims paid	-	-	(484,440)	(244,229)	(484,440)	(244,229)
Claims ceded to reinsurers	-	-	8,506	2,722	8,506	2,722
Gross change in contract liabilities	-	-	(78,097)	(15,741)	(78,097)	(15,741)
Change in contract liabilities ceded to reinsurers	-	-	- 5,912	- (731)	5,912	(731)
Net benefits and claims	-	-	(548,119)	(257,979)	(548,119)	(257,979)
Fee and commission expenses	-	-	(81,099)	(37,485)	(81,099)	(37,485)
Other operating expenses	(3,903)	(12,475)	(12,186)	(6,513)	(16,089)	(18,988)
Management expenses	(4,584)	(4,949)	(75,881)	(32,311)	(80,465)	(37,260)
Taxation of life insurance business	-	-	(11,420)	(7,958)	(11,420)	(7,958)
Other expenses	(8,487)	(17,424)	(180,586)	(84,267)	(189,073)	(101,691)
Profit/(loss) from operations	4,925	(10,048)	20,596	25,719	25,521	15,671
Transferred from Life funds:						
- Participating fund	15,538	7,846	(15,538)	(7,846)	-	-
- Non-participating fund	-	67,000	-	(67,000)	-	-
	15,538	74,846	(15,538)	(74,846)	-	-
Reclassification of unallocated surplus of non-participating funds to shareholders' fund	5,058	(49,127)	(5,058)	49,127	-	-
Profit before taxation from continuing operations	25,521	15,671	-	-	25,521	15,671
Taxation	(6,007)	(2,263)	-	-	(6,007)	(2,263)
Net profit for the year/period from continuing operations	19,514	13,408	-	-	19,514	13,408

42. Insurance funds (cont'd.)

Income statement by funds (cont'd.)
For the financial year ended 31 December 2015

	Shareholders' and General Funds		Life funds		Total	
	01.01.2015 to 31.12.2015 RM'000	01.07.2014 to 31.12.2014 RM'000	01.01.2015 to 31.12.2015 RM'000	01.07.2014 to 31.12.2014 RM'000	01.01.2015 to 31.12.2015 RM'000	01.07.2014 to 31.12.2014 RM'000
Discontinued operations:						
Net profit/(loss) for the year/period from discontinued operations	4,552	(5,091)	-	-	4,552	(5,091)
Gain on disposal of general insurance business	35,681	-	-	-	35,681	-
Net profit for the year/period	59,747	8,317	-	-	59,747	8,317

Statements of cash flows by funds
For the financial year ended 31 December 2015

	Shareholders' and General Funds		Life funds		Total	
	01.01.2015 to 31.12.2015 RM'000	01.07.2014 to 31.12.2014 RM'000	01.01.2015 to 31.12.2015 RM'000	01.07.2014 to 31.12.2014 RM'000	01.01.2015 to 31.12.2015 RM'000	01.07.2014 to 31.12.2014 RM'000
Cash flows from:						
Operating activities	48,306	14,268	(64,712)	(131,744)	(16,406)	(117,476)
Investing activities	34,077	(456)	(1,341)	(865)	32,736	(1,321)
Financing activities	(149,996)	(15,042)	-	-	(149,996)	(15,042)
Net decrease in cash and cash equivalents	(67,613)	(1,230)	(66,053)	(132,609)	(133,666)	(133,839)
At beginning of year/period	88,060	89,290	214,196	346,805	302,256	436,095
At end of year/period	20,447	88,060	148,143	214,196	168,590	302,256
Cash and cash equivalents comprise of:						
Cash and bank balances	8,305	4,141	38,673	3,283	46,978	7,424
Less: Cash restricted in use	(8,287)	-	-	-	(8,287)	-
	18	4,141	38,673	3,283	38,691	7,424
Short term deposits with maturity periods of less than 3 months	20,429	83,919	109,470	210,913	129,899	294,832
	20,447	88,060	148,143	214,196	168,590	302,256