Company No.

277714	A

GIBRALTAR BSN LIFE BERHAD
(Incorporated in Malaysia)

FINANCIAL STATEMENTS

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2016

Company No.

277714	A

GIBRALTAR BSN LIFE BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2016

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Company No.

277714	A

GIBRALTAR BSN LIFE BERHAD
(Incorporated in Malaysia)

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

	Note	30.06.2016 RM'000	31.12.2015 RM'000
ASSETS			
Properties and equipment		27,040	27,099
Investment property		6,000	6,000
Intangible assets		8,429	6,598
Prepaid lease property		235	237
Investments	7	2,095,974	2,113,383
Held-to-maturity financial assets ("HTM")		332,402	332,850
Loans and receivables ("LAR")		300,820	299,384
Available-for-sale financial assets ("AFS")		1,064,356	999,722
Fair value through profit and loss financial assets ("FVTPL")		398,396	481,427
Reinsurance assets	8	16,462	4,771
Insurance receivables	9	11,058	11,715
Other receivables	10	16,472	23,397
Tax recoverable		6,603	9,259
Cash and cash equivalents		21,556	22,852
TOTAL ASSETS		2,209,829	2,225,311

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

Company No.

277714	A

GIBRALTAR BSN LIFE BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016 (CONTINUED)

	Note	30.06.2016 RM'000	31.12.2015 RM'000
EQUITY AND LIABILITIES			
Share capital	11	125,000	125,000
Retained earnings	12 (a)	261,731	268,549
Available-for-sale fair value reserves	12 (b)	5,076	(1,234)
Asset revaluation reserves	12 (b)	2,422	2,422
TOTAL EQUITY		394,229	394,737
Insurance contract liabilities	13	1,643,529	1,659,974
Deferred tax liabilities		48,978	47,470
Insurance payables	14	84,278	86,710
Other payables	15	38,815	36,420
TOTAL LIABILITIES		1,815,600	1,830,574
TOTAL EQUITY AND LIABILITIES		2,209,829	2,225,311

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

Company No.

277714	A

GIBRALTAR BSN LIFE BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED INTERIM STATEMENT OF INCOME FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2016

	6 months ended 30.06.2016	6 months ended 30.06.2015
	RM'000	RM'000
Operating revenue	204,830	196,694
Gross premiums	159,149	154,129
Premiums ceded to reinsurers	(7,199)	(9,982)
Net premiums	151,950	144,147
Investment income	45,681	42,565
Realised (losses)/gains	(1,214)	5,013
Fair value gains	9,804	14,452
Other operating income	1,061	1,150
Other income	55,332	63,180
Gross benefits and claims	(193,640)	(167,691)
Claims ceded to reinsurers	4,635	3,833
Gross change in contract liabilities	37,754	13,785
Change in contract liabilities ceded to reinsurers	7,099	84
Net insurance benefits and claims	(144,152)	(149,989)
Fee and commission expenses	(11,511)	(12,128)
Management expenses	(56,226)	(44,231)
Other expenses	(67,737)	(56,359)
(Loss)/profit before taxation	(4,607)	979
Income tax expense attributable to participating fund and unit holders	(1,994)	(2,978)
Loss before tax attributable to shareholders	(6,601)	(1,999)
Tax expenses	(2,211)	(3,982)
Tax expense attributable to participating fund and unit holders	1,994	2,978
Tax expense attributable to shareholders	(217)	(1,004)
Loss for the financial period	(6,818)	(3,003)
Basic loss per share (sen)	(5.45)	(2.40)

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

Company No.

277714	A

GIBRALTAR BSN LIFE BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2016

	6 months ended 30.06.2016	6 months ended 30.06.2015
	RM'000	RM'000
Loss for the financial period	(6,818)	(3,003)
Other comprehensive income/(loss):		
Item that may be subsequently reclassified to statement of income:		
Available-for-sale fair value reserves		
- Gross fair value changes	16,468	6,100
- Taxation	(2,869)	(1,121)
Change in insurance contract liabilities arising from		
- Unrealised fair value changes	(7,923)	(2,634)
- Taxation	634	211
	6,310	2,556
Total comprehensive loss for the financial period	(508)	(447)

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

Company No.

277714	A

GIBRALTAR BSN LIFE BERHAD
(Incorporated in Malaysia)

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

		Non-distributable			Distributable	
	Share capital	Assets revaluation reserves	Available for-sale fair value reserves	Life non participating surplus *	Retained earnings	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 January 2016	125,000	2,422	(1,234)	187,834	80,715	394,737
Other comprehensive income for the financial period	-	-	6,310	-	-	6,310
Loss or the financial period	-	-	-	(9,062)	2,244	(6,818)
At 30 June 2016	125,000	2,422	5,076	178,772	82,959	394,229
As at 1 January 2015	125,000	2,269	1,360	193,343	80,638	402,610
Other comprehensive income for the financial period	-	153	(2,594)	-	-	(2,441)
Loss for the financial period	-	-	-	(5,509)	77	(5,432)
At 31 December 2015	125,000	2,422	(1,234)	187,834	80,715	394,737

* The life non-participating surplus amount is net of deferred tax. This amount is restricted for distribution until the actual recommended transfer from the life fund into the shareholders' fund by the Appointed Actuary in accordance with the Financial Services Act, 2013.

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

Company No.

277714	A

GIBRALTAR BSN LIFE BERHAD
(Incorporated in Malaysia)

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

	Note	6 months ended 30.06.2016	6 months ended 30.06.2015
		RM'000	RM'000
OPERATING ACTIVITIES			
Cash used in operating activities	16	(35,584)	(31,909)
Dividend income received		4,304	4,329
Interest/profit income received		39,409	38,267
Rental income on investment property received		156	79
Income tax paid		(4,664)	(2,981)
Net cash flow from operating activities		3,621	7,785
INVESTING ACTIVITIES			
Proceed from disposal of properties and equipment		13	-
Purchase of properties and equipment		(1,759)	(1,665)
Purchase of intangible assets		(3,171)	(1,831)
Net cash flow used in investing activities		(4,917)	(3,496)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(1,296)	4,289
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		22,852	12,636
CASH AND CASH EQUIVALENTS AT END OF PERIOD		21,556	16,925
Cash and cash equivalents comprise:			
Cash and bank balances		21,556	16,925
		21,556	16,925

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

1 PRINCIPAL ACTIVITIES AND CORPORATE INFORMATION

The condensed interim financial statements for the six months ended 30 June 2016 are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standard ("MFRS") 134 – Interim Financial Reporting. The condensed interim financial statements should be read in conjunction with the audited annual financial statements for the financial year ended 31 December 2015, which have been prepared in accordance with the MFRSs, International Financial Reporting Standards and comply with the requirements of the Companies Act 1965 in Malaysia.

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

a) SIGNIFICANT ACCOUNTING POLICIES

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

MFRSs/Interpretations		Effective Date
Amendment to MFRS 116	Property, plant and equipment	1 January 2016
Amendment to MFRS 138	Intangible assets	1 January 2016

The adoption of the above revised standards, amendments and interpretation did not have any significant financial impact to the condensed interim financial statements of the Company.

2 SEASONAL OR CYCLICAL FACTORS

The business and operations of the Company was not materially affected by seasonal or cyclical factors during the interim financial period.

3 UNUSUAL ITEMS

There were no unusual items affecting the assets, liabilities, equity, net income, or cash flows of the Company since the last audited annual financial statements.

4 MATERIAL CHANGES IN ESTIMATES

There was no material changes in the basis used for the accounting estimates in the interim financial period.

5 DIVIDENDS

No dividend has been paid or declared by the Company during the interim financial period.

6 CHANGES IN THE COMPOSITION OF THE COMPANY

There were no changes in the composition of the Company during the interim financial period.

7 INVESTMENTS

	30.06.2016 RM'000	31.12.2015 RM'000
Malaysian Government Securities	21,278	21,397
Malaysian government guaranteed bonds	453,309	382,574
Debt securities	936,553	942,971
Equity securities	337,911	343,740
Structured investments	-	78,564
Unit trust and property trust funds	46,103	44,754
Loans	94,794	93,792
Fixed and call deposits	206,026	205,591
	2,095,974	2,113,383
Held-to-maturity financial assets ("HTM")	332,402	332,850
Loans and receivables ("LAR")	300,820	299,384
Available-for-sale financial assets ("AFS")	1,064,356	999,722
Fair value through profit and loss financial assets ("FVTPL")	398,396	481,427
	2,095,974	2,113,383
The following investments mature after 12 months:		
HTM	312,220	317,741
LAR	54,192	93,060
AFS	1,021,755	933,905
	1,388,167	1,344,706

(a) HTM

	30.06.2016 RM'000	31.12.2015 RM'000
Amortised cost		
Unquoted in Malaysia		
Malaysian government guaranteed bonds	15,019	15,021
Debt securities	313,301	313,726
Accrued interest	4,082	4,103
	332,402	332,850
Fair value		
Unquoted in Malaysia		
Malaysian government guaranteed bonds	14,745	14,445
Debt securities	307,540	302,479
Accrued interest	4,082	4,103
	326,367	321,027

7 INVESTMENTS (CONTINUED)

(b) LAR

	30.06.2016 RM'000	31.12.2015 RM'000
Amortised cost		
Fixed and call deposits	205,843	205,071
Policy loans	41,962	39,951
Secured loans	39,808	41,885
Unsecured loans	-	99
Accrued interest	13,207	12,378
	300,820	299,384
Fair value		
Fixed and call deposits	205,843	205,071
Policy loans	41,962	39,951
Secured loans	39,808	41,885
Unsecured loans	-	99
Accrued interest	13,207	12,378
	300,820	299,384

Fixed and call deposits of the Company have an average maturity of 16 days (31.12.2015: 20 days). The interest rate per annum of fixed deposits, that was effective as at the end of the reporting period was 3.43% per annum. (31.12.2015: 3.66% per annum)

(c) AFS

	30.06.2016 RM'000	31.12.2015 RM'000
Fair value		
Unquoted in Malaysia		
Equity securities	2,249	2,249
Debt securities	596,429	602,223
Malaysian Government Securities	20,890	21,001
Malaysian government guaranteed bonds	433,918	363,944
Accrued interest	10,870	10,305
	1,064,356	999,722

7 INVESTMENTS (CONTINUED)

(d) FVTPL

	30.06.2016	31.12.2015
	RM'000	RM'000
Fair value		
Quoted in Malaysia		
Held-for-Trading		
Equity securities	231,838	230,103
Unit trust and property trust funds	9,420	8,510
By designation		
Equity securities	96,434	104,228
Unit trust and property trust funds	83	73
Quoted outside Malaysia		
By designation		
Equity securities	7,390	7,160
Unquoted in Malaysia		
By designation		
Debt securities	16,442	16,434
Accrued interest	189	185
Structured investments	-	78,564
Unquoted outside Malaysia		
By designation		
Unit trust and property trust funds	36,600	36,170
	398,396	481,427

7 INVESTMENTS (CONTINUED)

(e) Carrying value of financial investments

	HTM RM'000	AFS RM'000	FVTPL RM'000	Total RM'000
At 1 January 2016	332,850	999,722	481,427	1,813,999
Purchases	-	90,320	162,066	252,386
Maturities/disposals/proceeds	(126)	(43,000)	(253,679)	(296,805)
Realised losses	7	(8)	(1,227)	(1,228)
Fair value gains recorded in:				
Statement of income	-	-	9,805	9,805
Other comprehensive income	-	16,468	-	16,468
Amortisation of premium	(307)	290	-	(17)
Movement of investment income accrued	(22)	564	4	546
At 30 June 2016	332,402	1,064,356	398,396	1,795,154
At 1 January 2015	364,010	953,321	441,872	1,759,203
Purchases	-	245,168	392,010	637,178
Maturities/disposals/proceeds	(30,107)	(193,533)	(370,822)	(594,462)
Realised gains	1	1,203	(856)	348
Fair value gains/(losses) recorded in:				
Statement of income	-	-	19,180	19,180
Other comprehensive income	-	(6,062)	-	(6,062)
Movement in impairment allowance	-	-	-	-
Amortisation of premium	(651)	117	-	(534)
Movement of investment income accrued	(403)	(492)	43	(852)
At 31 December 2015	332,850	999,722	481,427	1,813,999

7 INVESTMENTS (CONTINUED)

(f) Estimation of fair value

Fair value hierarchy disclosure

The following table presents the Company's assets that are measured at fair value.

	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
30 June 2016				
Financial assets at FVTPL				
Quoted in Malaysia				
Equity securities	328,272	-	-	328,272
Unit trust and property trust funds	9,503	-	-	9,503
Quoted outside Malaysia				
Equity securities	7,390	-	-	7,390
Unquoted in Malaysia				
Debt securities	-	16,631	-	16,631
Structured investments	-	-	-	-
Unquoted outside Malaysia				
Unit trust and property trust funds	-	36,600	-	36,600
AFS				
Unquoted in Malaysia				
Equity securities	-	-	2,249	2,249
Debt securities	-	589,576	6,853	596,429
Malaysia Government Securities	-	20,890	-	20,890
Malaysia government guaranteed bonds	-	433,918	-	433,918
Accrued interest	-	10,870	-	10,870
Total assets	345,165	1,108,485	9,102	1,462,752
31 December 2015				
Financial assets at FVTPL				
Quoted in Malaysia				
Equity securities	334,331	-	-	334,331
Unit trust and property trust funds	8,583	-	-	8,583
Quoted outside Malaysia				
Equity securities	7,160	-	-	7,160
Unquoted in Malaysia				
Debt securities	-	16,619	-	16,619
Structured investments	-	-	78,564	78,564
Unquoted outside Malaysia				
Unit trust and property trust funds	-	36,170	-	36,170
AFS				
Unquoted in Malaysia				
Equity securities	-	-	2,249	2,249
Debt securities	-	595,721	6,502	602,223
Malaysia Government Securities	-	21,001	-	21,001
Malaysia government guaranteed bonds	-	363,944	-	363,944
Accrued interest	-	10,305	-	10,305
Total assets	350,074	1,043,760	87,315	1,481,149

7 INVESTMENTS (CONTINUED)

(f) Estimation of fair value (continued)

Fair value hierarchy disclosure (continued)

	30.06.2016 RM'000	31.12.2015 RM'000
Level 3		
Opening balance	87,315	86,994
Total gain or losses for the period recognised in statement of income, presented in insurance contract liabilities	3,271	(59)
Fair value gains/(losses)	(86)	1,310
Accretion of discount	437	-
Maturity/sales of financial assets	(81,835)	(930)
Closing balance	9,102	87,315

8 REINSURANCE ASSETS

	30.06.2015 RM'000	31.12.2015 RM'000
Reinsurance of insurance contracts (Note 13)		
Claims liabilities	6,894	2,301
Insurance contract liabilities	9,568	2,470
	16,462	4,771

9 INSURANCE RECEIVABLES

	30.06.2016 RM'000	31.12.2015 RM'000
Outstanding premiums including agents, brokers and co-insurers balances	5,418	6,652
Amounts due from reinsurers	5,664	5,087
Allowance for impairment	(24)	(24)
	11,058	11,715

Impairment movement

Opening balance	(24)	(21)
Change for the financial period	-	(3)
Closing balance	(24)	(24)

The Company does not off-set its insurance receivables against insurance payables. The Company does not have any financial instruments subject to an enforceable master netting arrangement or financial collateral (pledged or received) as at 30 June 2016 (31.12.2015: RM nil).

10 OTHER RECEIVABLES

	30.06.2016 RM'000	31.12.2015 RM'000
Income due and accrued	642	195
Receivable from fund managers and brokers	2,873	17,244
Other receivables, deposits and prepayments	12,957	5,958
	16,472	23,397

The Company does not off-set its other receivables against other payables. The Company does not have any financial instruments subject to an enforceable master netting arrangement or financial collateral (pledged or received) as at 30 June 2016 (31.12.2015: RM nil).

11 SHARE CAPITAL

	30.06.2016		31.12.2015	
	Number of shares	Nominal value	Number of shares	Nominal value
	000	RM'000	000	RM'000
Authorised, Issued and paid-up:				
Ordinary shares of RM1.00 each				
At beginning and end of financial period	125,000	125,000	125,000	125,000

12 RESERVES

(a) Retained earnings

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

Pursuant to the single tier system, any dividends distributed by the Company will be exempted from tax in the hand of shareholders. The Company shall not be entitled to deduct 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 with effect from financial year beginning 1 January 2014. Pursuant to the RBC Framework for Insurers, the Company shall not pay dividends if its Capital Adequacy 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.

(b) Other reserves

Other reserves consist of AFS reserves and asset revaluation reserve.

The AFS reserves of the Company represent the fair value gains or losses of the AFS financial assets, net of deferred tax, of the Life Non-Participating and Shareholders' funds.

The assets revaluation reserve represents the revaluation surplus of self-occupied properties.

13 INSURANCE CONTRACT LIABILITIES

	30.06.2016			31.12.2015		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Benefits and claims liabilities	166,370	(6,894)	159,476	152,346	(2,301)	150,045
Actuarial liabilities	1,274,710	(9,568)	1,265,142	1,220,853	(2,470)	1,218,383
Unallocated surplus	7,430	-	7,430	15,809	-	15,809
Available-for-sale fair value reserves	6,230	-	6,230	(1,058)	-	(1,058)
Asset revaluation reserves	10,617	-	10,617	10,452	-	10,452
Net asset value attributable to unit holders	178,172	-	178,172	261,572	-	261,572
	1,643,529	(16,462)	1,627,067	1,659,974	(4,771)	1,655,203

13 INSURANCE CONTRACT LIABILITIES (CONTINUED)

	Gross			Reinsurance			
	With DPF	Without DPF	Total	With DPF	Without DPF	Total	Net
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2016	901,523	758,451	1,659,974	(84)	(4,687)	(4,771)	1,655,203
Change in life insurance fund contract liabilities							
Due to assumptions change							
Expenses	-	-	-	-	-	-	-
Mortality/morbidity	102	(307)	(205)	-	-	-	(205)
Lapse/withdrawal	-	-	-	-	-	-	-
Interest and bonus rate	16	23,779	23,795	-	(1)	(1)	23,794
Others	-	-	-	-	(7,104)	(7,104)	(7,104)
Projected cash flow for inforce policies							
Premium	60,317	62,077	122,394	-	(86)	(86)	122,308
Investment return	19,402	5,961	25,363	-	1	1	25,364
Benefits	(47,173)	(51,970)	(99,143)	-	90	90	(99,053)
Expenses/commission	(6,378)	(17,361)	(23,739)	-	3	3	(23,736)
Variance on inforce policies	4,019	503	4,522	-	(2)	(2)	4,520
New business reserves	38	834	872	-	-	-	872
Others	-	-	-	-	-	-	-
Benefits and claims experience variation	14,217	(196)	14,021	(277)	(4,315)	(4,592)	9,429
Net asset value attributable to unit holders	-	(83,400)	(83,400)	-	-	-	(83,400)
Available-for-sale fair value reserves	7,923	-	7,923	-	-	-	7,923
Assets revaluation reserves	-	-	-	-	-	-	-
Unallocated surplus	(8,214)	-	(8,214)	-	-	-	(8,214)
Deferred tax effects:							
Available-for-sale fair value reserves	(634)	-	(634)	-	-	-	(634)
At 30 June 2016	945,158	698,371	1,643,529	(361)	(16,101)	(16,462)	1,627,067

13 INSURANCE CONTRACT LIABILITIES (CONTINUED)

	Gross			Reinsurance			
	With DPF	Without DPF	Total	With DPF	Without DPF	Total	Net
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2015	904,989	701,784	1,606,773	(73)	(5,392)	(5,465)	1,601,308
Change in life insurance fund contract liabilities							
Due to assumptions change							
Expenses	4,883	19,357	24,240	-	-	-	24,240
Mortality/morbidity	1,063	1,225	2,288	-	-	-	2,288
Lapse/withdrawal	2,055	(1,304)	751	-	27	27	778
Interest and bonus rate	(5,200)	(7,194)	(12,394)	-	(45)	(45)	(12,439)
Others	-	2,678	2,678	-	-	-	2,678
Projected cash flow for inforce policies							
Premium	118,177	114,495	232,672	-	(4,399)	(4,399)	228,273
Investment return	36,963	10,720	47,683	-	(53)	(53)	47,630
Benefits	(164,990)	(91,800)	(256,790)	-	5,265	5,265	(251,525)
Expenses/commission	(15,439)	(31,258)	(46,697)	-	8	8	(46,689)
Variance on inforce policies	8,434	7,166	15,600	-	125	125	15,725
New business reserves	34	12,076	12,110	-	(942)	(942)	11,168
Others	-	-	-	-	-	-	-
Benefits and claims experience variation	26,590	5,797	32,387	(11)	719	708	33,095
Net asset value attributable to unit holders	-	14,709	14,709	-	-	-	14,709
Available-for-sale fair value reserves	(2,545)	-	(2,545)	-	-	-	(2,545)
Assets revaluation reserves	1,130	-	1,130	-	-	-	1,130
Unallocated surplus	(14,825)	-	(14,825)	-	-	-	(14,825)
Deferred tax effects:							
Available-for-sale fair value reserves	204	-	204	-	-	-	204
At 31 December 2015	901,523	758,451	1,659,974	(84)	(4,687)	(4,771)	1,655,203

14 INSURANCE PAYABLES

	30.06.2016	31.12.2015
	RM'000	RM'000
Amount due to insureds	70,640	79,178
Amount owing to agents and brokers co-insurers	2,180	3,433
Amount owing to reinsurers and cedants	11,458	4,099
	84,278	86,710

The carrying amounts disclosed above approximate fair value at the statement of financial position date.

The Company does not off-set its insurance payables against insurance receivables. The Company does not have any financial instruments subject to an enforceable master netting arrangement or financial collateral (pledged or received) as at 30 June 2016 (31.12.2015: RM Nil).

15 OTHER PAYABLES

	30.06.2016	31.12.2015
	RM'000	RM'000
Accrued expenses	13,463	8,147
Provision for bonus	1,374	6,731
Payable to investment brokers	2,270	-
Unclaimed monies	3,190	4,680
Agency related expenses accrued	8,595	5,556
Marketing related expenses accrued	4,145	3,506
Provision for policy settlement	2,123	4,600
Other payables and accruals	3,481	2,910
Director related expenses accrued	174	290
	38,815	36,420

The carrying amounts disclosed above approximate fair value at the statement of financial position date.

The Company does not off-set its other payables against other receivables. The Company does not have any financial instruments subject to an enforceable master netting arrangement or financial collateral (pledged or received) as at 30 June 2016 (31.12.2015: RM Nil).

16 CASH FLOWS

	Financial period from 01.01.2016 to 30.06.2016 RM'000	Financial period from 01.01.2015 to 30.06.2015 RM'000
Loss before tax attributable to shareholders	(6,601)	(1,999)
Tax expense attributable to participating fund and unit holders	1,994	2,978
Investment income	(45,681)	(42,565)
Realised losses/(gains) recorded in statement of income	1,214	(5,013)
Fair value gains recorded in statement of income	(9,945)	(14,594)
Purchases of FVTPL financial assets	(162,067)	(199,546)
Maturity/proceeds from sale of FVTPL financial assets	253,679	183,029
Purchases of AFS financial assets	(90,320)	(125,738)
Maturity/proceeds from sale of AFS financial assets	43,000	101,875
Maturity of HTM financial assets	126	25,017
(Increase)/decrease in LAR	(608)	47,115
Non-cash items:		
Depreciation of properties and equipment	1,816	1,198
Amortisation of intangible assets	1,315	857
Amortisation of prepaid lease property	2	1
Allowance of doubtful debts	-	3
Reversal of non properties and equipment	26	-
Changes in working capital:		
Increase in reinsurance assets	(4,594)	(1,573)
Decrease/(increase) in insurance receivables	657	(3,603)
Decrease in other receivables	22,415	10,638
(Decrease)/Increase insurance contract liabilities	(37,605)	5,010
(Decrease)/increase in insurance payables	(2,432)	65
Decrease in other payables	(1,975)	(15,064)
Cash used in operating activities	(35,584)	(31,909)

17 CAPITAL COMMITMENTS

As of 30 June 2016, capital expenditures approved by Directors but not provided for in the financial statements are as follows:

	30.06.2016 RM'000	31.12.2015 RM'000
Authorised and contracted but not provided for:		
Computer hardware and software	5,744	6,517
Properties and equipment	7	52
	5,751	6,569
Approved and not contracted for:		
Computer hardware and software	730	1,008

18 REGULATORY CAPITAL REQUIREMENTS

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

	30.06.2016 RM'000	31.12.2015 RM'000
Eligible Tier 1 Capital		
Share capital (paid up)	125,000	125,000
Valuation surplus, retained earnings and other capital available	415,624	446,229
	540,624	571,229
Tier 2 Capital		
Eligible Tier 2 Capital	26,108	11,127
Amount deducted from Capital	(34,806)	(39,658)
	(8,698)	(28,531)
Total Capital Available	531,926	542,698

19 INSURANCE FUNDS

The Company's activities are organised by funds and segregated into the life and shareholders' fund in accordance with Financial Services Act, 2013.

Statement of Financial Position by Funds

	Shareholders' Fund		Life Fund		Investment-linked Funds		Elimination		Total	
	30.06.2016 RM'000	31.12.2015 RM'000	30.06.2016 RM'000	31.12.2015 RM'000	30.06.2016 RM'000	31.12.2015 RM'000	30.06.2016 RM'000	31.12.2015 RM'000	30.06.2016 RM'000	31.12.2015 RM'000
Assets										
Properties and equipment	-	-	27,040	27,099	-	-	-	-	27,040	27,099
Investment property	-	-	6,000	6,000	-	-	-	-	6,000	6,000
Intangible assets	-	-	8,429	6,598	-	-	-	-	8,429	6,598
Prepaid lease property	-	-	235	237	-	-	-	-	235	237
Investments	212,400	211,044	1,712,928	1,653,807	176,255	254,064	(5,609)	(5,532)	2,095,974	2,113,383
Reinsurance assets	-	-	16,462	4,771	-	-	-	-	16,462	4,771
Insurance receivables	-	-	11,058	11,715	-	-	-	-	11,058	11,715
Other receivables	232,883	236,982	8,473	11,278	7,374	12,051	(232,258)	(236,914)	16,472	23,397
Tax recoverable	(2,588)	(1,707)	8,524	10,307	667	659	-	-	6,603	9,259
Cash and cash equivalents	106	771	21,411	22,060	39	21	-	-	21,556	22,852
Total Assets	**442,801**	**447,090**	**1,820,560**	**1,753,872**	**184,335**	**266,795**	**(237,867)**	**(242,446)**	**2,209,829**	**2,225,311**
Share capital	125,000	125,000	-	-	-	-	-	-	125,000	125,000
Retained earnings	261,731	268,549	-	-	-	-	-	-	261,731	268,549
AFS fair value reserves	5,076	(1,234)	-	-	-	-	-	-	5,076	(1,234)
Asset revaluation reserves	2,422	2,422	-	-	-	-	-	-	2,422	2,422
Total Equity	**394,229**	**394,737**	**-**	**-**	**-**	**-**	**-**	**-**	**394,229**	**394,737**
Insurance contract liabilities	-	-	1,465,357	1,398,402	183,781	267,104	(5,609)	(5,532)	1,643,529	1,659,974
Deferred tax liabilities	46,469	46,953	2,492	863	17	(346)	-	-	48,978	47,470
Insurance payables	-	-	84,278	86,710	-	-	-	-	84,278	86,710
Other payables	2,103	5,400	268,433	267,897	537	37	(232,258)	(236,914)	38,815	36,420
Total Liabilities	**48,572**	**52,353**	**1,820,560**	**1,753,872**	**184,335**	**266,795**	**(237,867)**	**(242,446)**	**1,815,600**	**1,830,574**
Total policyholders' fund and liabilities	**442,801**	**447,090**	**1,820,560**	**1,753,872**	**184,335**	**266,795**	**(237,867)**	**(242,446)**	**2,209,829**	**2,225,311**

19 INSURANCE FUNDS (CONTINUED)

Statement of Income by Funds
For the financial period ended

	Shareholders' Fund		Life Fund		Investment-Linked Fund		Elimination		Total	
	Financial period from 01.01.2016 to 30.06.2016	Financial period from 01.01.2015 to 30.06.2015	Financial period from 01.01.2016 to 30.06.2016	Financial period from 01.01.2015 to 30.06.2015	Financial period from 01.01.2016 to 30.06.2016	Financial period from 01.01.2015 to 30.06.2015	Financial period from 01.01.2016 to 30.06.2016	Financial period from 01.01.2015 to 30.06.2015	Financial period from 01.01.2016 to 30.06.2016	Financial period from 01.01.2015 to 30.06.2015
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Operating revenue	4,189	4,065	183,924	180,366	16,717	12,263	-	-	204,830	196,694
Gross premium	-	-	144,561	143,855	14,588	10,274	-	-	159,149	154,129
Premium ceded to reinsurers	-	-	(7,199)	(9,982)	-	-	-	-	(7,199)	(9,982)
Net premiums	-	-	137,362	133,873	14,588	10,274	-	-	151,950	144,147
Investment income	4,189	4,065	39,363	36,511	2,129	1,989	-	-	45,681	42,565
Realised gains and losses	(604)	156	(2,345)	4,962	1,735	(105)	-	-	(1,214)	5,013
Fair value gains and losses	626	(318)	4,602	1,025	4,653	13,816	(77)	(71)	9,804	14,452
Other operating income	10	(7)	901	874	150	283	-	-	1,061	1,150
Other income	4,221	3,896	42,521	43,372	8,667	15,983	(77)	(71)	55,332	63,180
Gross benefits and claims	-	-	(89,550)	(156,491)	(104,090)	(11,200)	-	-	(193,640)	(167,691)
Claims ceded to reinsurers	-	-	4,635	3,833	-	-	-	-	4,635	3,833
Gross change in contract liabilities	-	-	(45,646)	25,722	83,323	(12,008)	77	71	37,754	13,785
Change in contract liabilities to reinsurers	-	-	7,099	84	-	-	-	-	7,099	84
Net insurance benefits and claims	-	-	(123,462)	(126,852)	(20,767)	(23,208)	77	71	(144,152)	(149,989)

19 INSURANCE FUNDS (CONTINUED)

Statement of Income by Funds
For the financial period ended (continued)

	Shareholders' Fund		Life Fund		Investment-Linked Fund		Elimination		Total	
	Financial period from 01.01.2016 to 30.06.2016	Financial period from 01.01.2015 to 30.06.2015	Financial period from 01.01.2016 to 30.06.2016	Financial period from 01.01.2015 to 30.06.2015	Financial period from 01.01.2016 to 30.06.2016	Financial period from 01.01.2015 to 30.06.2015	Financial period from 01.01.2016 to 30.06.2016	Financial period from 01.01.2015 to 30.06.2015	Financial period from 01.01.2016 to 30.06.2016	Financial period from 01.01.2015 to 30.06.2015
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Fee and commission expenses	-	80	(11,511)	(12,208)	-	-	-	-	(11,511)	(12,128)
Management expenses	(947)	(1,072)	(53,536)	(41,396)	(1,743)	(1,763)	-	-	(56,226)	(44,231)
Other expenses	(947)	(992)	(65,047)	(53,604)	(1,743)	(1,763)	-	-	(67,737)	(56,359)
Profit/surplus before taxation	3,274	2,904	(8,626)	(3,211)	745	1,286	-	-	(4,607)	979
Income tax expense attributable to policyholders and unit holders	-	-	(1,249)	(1,692)	(745)	(1,286)	-	-	(1,994)	(2,978)
Loss before tax attributable to shareholders	3,274	2,904	(9,875)	(4,903)	-	-	-	-	(6,601)	(1,999)
Transfer from revenue accounts	(11,328)	(6,358)	11,328	6,358	-	-	-	-	-	-
Loss before taxation	(8,054)	(3,454)	1,453	1,455	-	-	-	-	(6,601)	(1,999)
Tax expense	1,236	451	(2,702)	(3,147)	(745)	(1,286)	-	-	(2,211)	(3,982)
Income tax expense attributable to policyholders and unit holders	-	-	1,249	1,692	745	1,286	-	-	1,994	2,978
Tax expense attributable to shareholders	1,236	451	(1,453)	(1,455)	-	-	-	-	(217)	(1,004)
Loss for the financial period	(6,818)	(3,003)	-	-	-	-	-	-	(6,818)	(3,003)