Building a better working world

AMMETLIFE INSURANCE BERHAD

(15743-P)

(Incorporated in Malaysia)

Directors' Report and Audited Financial Statements

31 March 2016

15743- P

AmMetLife Insurance Berhad
(Incorporated in Malaysia)

CONTENTS **PAGE**

Directors' report	1 - 9
Statement by directors	10
Statutory declaration	10
Independent auditors' report	11 - 12
Statements of financial position	13
Income statements	14
Statements of comprehensive income	15
Statements of changes in equity	16 - 17
Statements of cash flows	18
Notes to the financial statements	19 - 153

15743- P

AmMetLife Insurance Berhad
(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 March 2016.

PRINCIPAL ACTIVITIES

The principal activities of the Company are the underwriting of life and investment-linked insurance business. The principal activity of the subsidiary is set out in Note 7 to the audited financial statements.

There has been no significant changes in the nature of the principal activities of the Company and its subsidiary during the financial year.

RESULTS

	Group RM'000	Company RM'000
Net profit/(loss) for the financial year	1,402	(990)

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

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

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year.

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

ISSUE OF SHARES AND DEBENTURES

The Company has not issued any new shares or debentures during the financial year.

SHARE OPTIONS

There were no options granted during the financial year by the Company to any parties to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As at the end of the financial year, there were no unissued shares of the Company under options.

DIRECTORS

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

Tan Sri Azman Hashim (Chairman)	(Non-independent, non-executive director)
Dato' Abdullah Bin Mat Zaid	(Independent, non-executive director)
Mr Cho Horng Fatt	(Independent, non-executive director)
Mr Phoon Soon Keong	(Independent, non-executive director)
Dato' Seow Thiam Fatt	(Independent, non-executive director)
Dato' Dr Nirmala Menon YB Menon	(Non-independent, executive director)
Mr Toby Srihiran-Brown	(Non-independent, non-executive director)
Mr Chin Yuen Yin (Resigned on 29/10/2015)	(Independent, non-executive director)

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than benefits included in the aggregate amounts of emoluments received or due and receivable by the Directors as shown in the Note 20(b) to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm in which the Director is a member, or with a Company in which the Director has a substantial financial interest, other than for the related party transactions as shown in the Note 26 to the financial statements.

Neither during nor at the end of the financial year, did there subsist any arrangements to which the Company is a party to whose object is to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than those arising from the scheme shares and options granted pursuant to the Executives' Share Scheme of AMMB Holdings Berhad ("AMMB"), the holding company of one of the Company's shareholders.

DIRECTORS' INTERESTS

None of the Directors in office at the end of the financial year held any interests, directly or indirectly, in the shares of the Company or its related corporations during the financial year.

AmMetLife Insurance Berhad
(Incorporated in Malaysia)

CORPORATE GOVERNANCE

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

Board Responsibilities

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

The Board meets eight (8) times per year to carry out its duties and responsibilities, with additional Board meetings being convened, whenever required.

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

Board Activities

The Board currently comprises seven (7) directors with wide-ranging skills and experience. The Board is represented by two (2) non-independent, non-executive directors, one (1) non-independent, executive director and four (4) independent, non-executive directors of calibre, and with necessary skills and diverse corporate experience to ensure that strategies proposed by the management are fully discussed and examined, as well as to take into account the long term interests of various stakeholders. During the year, the Board met eight (8) times.

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

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

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

CORPORATE GOVERNANCE (CONT'D.)

Membership and Board Meetings for the Financial Year Ended 31 March 2016

Members	Number of Meetings (Attended/Held)
Tan Sri Azman Hashim (Chairman)	8/8
Mr Cho Horng Fatt	8/8
Dato' Abdullah Bin Mat Zaid	8/8
Mr Phoon Soon Keong	7/8
Dato' Seow Thiam Fatt	8/8
Dato' Dr Nirmala Menon YB Menon	6/8
Mr Toby Srihiran-Brown	6/8
Mr Chin Yuen Yin (Resigned on 29/10/2015)	4/5

Board Committees

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

(1) Nomination and Remuneration Committee
(2) Risk Management Committee
(3) Audit & Examination Committee

Nomination and Remuneration Committee

The Committee currently comprises of three (3) independent, non-executive directors and one (1) non-independent, non-executive director.

The functions of the Committee are:

(a) regularly reviewing the Board structure, size and composition, as well as making recommendation to the Board of the Company with regard to any changes that are deemed necessary;

(b) recommending the appointment of Directors to the Board and Committees of the Board as well as annually review the mix of skills, experience and competencies that Non-Executive and Executive Directors should bring to the Board;

(c) on an annual basis, assessing the effectiveness of the Board as a whole and the Committees as well as the contributions of the Chairman and each Director to the effectiveness of the Board;

(d) recommending the appointments of Chief Executive Officer and his direct reports, and the Company Secretary to the Board;

CORPORATE GOVERNANCE (CONT'D.)

Nomination and Remuneration Committee (cont'd.)

(e) recommending the removal of Director/Chief Executive Officer and his direct reports/Company Secretary if the Director/Chief Executive Officer and his direct reports/Company Secretary is ineffective, errant and negligent in discharging his responsibilities; and

(f) recommending to the Board the framework/methodology for the remuneration of the Directors, Chief Executive Officer and other Senior Management staff, benchmarked against the industry. Remuneration is determined at levels, which enable the Company to attract and retain the Directors, Chief Executive Officer and Senior Management staff with the relevant experience and expertise needed to assist in managing the Company effectively. The services of consultants are utilised to review the methodology for rewarding Executive Directors and Management staff according to the Key Performance Indicators required to be achieved.

Membership and Meetings of the Nomination and Remuneration Committee for the Financial Year Ended 31 March 2016

Members	Number of Meetings (Attended/Held)
Dato' Abdullah Bin Mat Zaid (Chairman)	6/6
Mr Cho Horng Fatt	6/6
Mr Phoon Soon Keong	6/6
Mr Toby Srihiran-Brown	5/6
Mr Chin Yuen Yin (Resigned on 29/10/2015)	4/4

Risk Management Committee

The Committee currently comprises two (2) independent, non-executive Directors and one (1) non-independent, non-executive Director. The primary objective of the Risk Management Committee is to oversee senior management's activities in managing the key risk areas of the Group and to determine that the risk management process is in place and functioning effectively.

The functions of the Committee are:

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

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

CORPORATE GOVERNANCE (CONT'D.)

Risk Management Committee (cont'd.)

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

Membership and Meetings of the Risk Management Committee for the Financial Year Ended 31 March 2016

Members	Number of Meetings (Attended/Held)
Mr Cho Horng Fatt (Chairman)	6/6
Mr Phoon Soon Keong	6/6
Mr Toby Srihiran-Brown	5/6
Mr Chin Yuen Yin (Resigned on 29/10/2015)	3/4

Audit and Examination Committee

The Board has appointed the Audit and Examination Committee ("AEC") to assist in discharging its duties of maintaining a sound system of internal control to safeguard the Group's assets and shareholders' investments. The Committee currently comprises three (3) independent, non-executive directors and one (1) non-independent, non-executive director.

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

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

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

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

CORPORATE GOVERNANCE (CONT'D.)

Membership and Meetings of the Audit and Examination Committee for the Financial Year Ended 31 March 2016

Members	Number of Meetings (Attended/Held)
Dato' Seow Thiam Fatt (Chairman)	7/8
Mr Cho Horng Fatt	8/8
Dato' Abdullah Bin Mat Zaid	8/8
Mr Toby Srihiran-Brown	7/8
Mr Chin Yuen Yin (Resigned on 29/10/2015)	3/4

OTHER STATUTORY INFORMATION

(a) Before the statements of financial position, income statements and statements of comprehensive income of the Group and 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 all known bad debts had been written off 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 the business had been written down to an amount which they might be expected so to realise.

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

(i) the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and

(ii) the values attributed to the current assets in the financial statements of the Group and 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 Group and 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 Group and of the Company which would render any amount stated in the financial statements misleading.

OTHER STATUTORY INFORMATION (CONT'D.)

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

(i) any charge on the assets of the Group and 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 Group and of the Company which has arisen since the end of the financial year.

(f) In the opinion of the Directors:

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet its obligations when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

For the purpose of paragraphs (e) and (f) above, contingent or other liabilities do not include liabilities arising from contracts of insurance underwritten in the ordinary course of business of the Group and of the Company.

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

SIGNIFICANT EVENT

There is no significant event during the financial year.

15743- P

AmMetLife Insurance Berhad
(Incorporated in Malaysia)

AUDITORS

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

Signed on behalf of the Board in accordance with a resolution of the directors dated 14 June 2016.

Tan Sri Azman Hashim

Dato' Seow Thiam Fatt

Kuala Lumpur, Malaysia

15743- P

AmMetLife Insurance Berhad
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, Tan Sri Azman Hashim and Dato' Seow Thiam Fatt, being two of the directors of AmMetLife Insurance Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 13 to 153 are drawn up in accordance with the 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 Group and of the Company as at 31 March 2016 and of the results and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 14 June 2016.

Tan Sri Azman Hashim

Dato' Seow Thiam Fatt

Kuala Lumpur, Malaysia

STATUTORY DECLARATION
PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, Ch'ng Sok Heang, being the officer primarily responsible for the financial management of AmMetLife Insurance Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 13 to 153 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 Ch'ng Sok Heang
at Kuala Lumpur in Wilayah Persekutuan
on 30 JUN 2016

Ch'ng Sok Heang

Before me,

PESURUHJAYA SUMPAH
No. W 530
TAN SEOK KETT

Lot 350, 3rd Floor, Wisma MPL,
Jalan Raja Chulan,
50200 Kuala Lumpur.

Building a better working world

Ernst & Young AF: 0039
GST Reg No: 001556430848
Chartered Accountants
Level 23A Menara Milenium
Jalan Damanlela, Pusat Bandar Damansara
50490 Kuala Lumpur Malaysia

Tel: +603 7495 8000
Fax: +603 2095 5332 (General line)
+603 2095 9076
+603 2095 9078
ey.com

15743-P

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

Report on the financial statements

We have audited the financial statements of AmMetLife Insurance Berhad which comprise the statements of financial position as at 31 March 2016 of the Group and of the Company, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 13 to 153.

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 entity'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 entity's internal control. An audit also includes evaluating the appropriateness of 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.

A member firm of Ernst & Young Global Limited

15743-P

**Independent auditors' report to the members of
AmMetLife 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 Group and of the Company as at 31 March 2016 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.

Reporting on other legal and regulatory requirements

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

Other matters

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

Ernst & Young
AF: 0039
Chartered Accountants

Megat Iskandar Shah bin Mohamad Nor
No. 3083/07/17(J)
Chartered Accountant

Kuala Lumpur, Malaysia
14 June 2016

A member firm of Ernst & Young Global Limited

AmMetLife Insurance Berhad
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2016

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Assets					
Property and equipment	4	46,475	33,242	46,475	33,242
Investment properties	5	88,353	84,345	88,353	84,345
Intangible assets	6	28,613	29,504	28,613	29,504
Investments	7	2,803,052	2,878,933	2,808,253	2,892,541
Reinsurance assets	8/12	4,616	10,175	4,616	10,175
Insurance receivables	9	80,460	83,034	80,460	83,034
Other receivables	10	57,607	53,880	49,082	40,229
Cash and bank balances		89,000	30,904	89,000	30,904
Total assets		3,198,176	3,204,017	3,194,852	3,203,974
Equity					
Share capital	11	200,000	200,000	200,000	200,000
Retained profits		256,257	254,926	257,512	258,573
Available-for-sale fair value reserves		1,272	759	323	(1,983)
Total equity		457,529	455,685	457,835	456,590
Liabilities					
Insurance contract liabilities	12	2,532,087	2,519,985	2,532,087	2,519,985
Deferred tax liabilities	13	33,653	38,715	33,353	37,801
Insurance payables	14	39,343	50,412	39,343	50,412
Provision for taxation		746	973	746	973
Other payables	15	134,818	138,247	131,488	138,213
Total liabilities		2,740,647	2,748,332	2,737,017	2,747,384
Total equity and liabilities		3,198,176	3,204,017	3,194,852	3,203,974

The Statements of Financial Position of the Group and of the Company by funds are disclosed in Note 32.

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

AmMetLife Insurance Berhad
(Incorporated in Malaysia)

INCOME STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Gross earned premiums		437,711	452,054	437,711	452,054
Premiums ceded to reinsurers		(39,224)	(40,347)	(39,224)	(40,347)
Net earned premiums		398,487	411,707	398,487	411,707
Investment income	16	148,611	145,175	148,787	144,834
Realised gains and losses	17	1,902	5,722	1,360	6,415
Fair value gains and losses	18	(9,323)	22,451	(11,716)	18,440
Fee and commission income	19	(287)	42	(287)	42
Other operating income		91	143	91	143
Other revenue		140,994	173,533	138,235	169,874
Gross benefits and claims		(401,496)	(424,310)	(401,496)	(424,310)
Claims recoveries from reinsurers		35,809	24,403	35,809	24,403
Gross change in contract liabilities		22,670	(15,103)	22,670	(15,103)
Change in contract liabilities ceded to reinsurers		(8,712)	(8,801)	(8,712)	(8,801)
Net benefits and claims		(351,729)	(423,811)	(351,729)	(423,811)
Fee and commission expenses		(35,108)	(39,440)	(35,108)	(39,440)
Management expenses	20	(147,591)	(148,828)	(147,224)	(148,488)
Taxation of life insurance business	21	(4,628)	(11,496)	(4,628)	(11,496)
Other expenses		(187,327)	(199,764)	(186,960)	(199,424)
Profit/(loss) before taxation		425	(38,335)	(1,967)	(41,654)
Taxation	21	977	13,526	977	13,526
Net profit/(loss) for the year		1,402	(24,809)	(990)	(28,128)
Earnings/(loss) per share (sen)					
Basic and diluted	22	1	(12)	(0)	(14)

The Income Statements of the Group and of the Company by funds are disclosed in Note 32.

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

AmMetLife Insurance Berhad
(Incorporated in Malaysia)

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2016

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Net profit/(loss) for the year	1,402	(24,809)	(990)	(28,128)
Other comprehensive income/(loss):				
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:				
Available-for-sale fair value reserves:				
Net gain arising during the year	1,457	2,523	3,864	5,818
Net realised loss transferred to Income Statement	(795)	(49)	(795)	(49)
	662	2,474	3,069	5,769
Tax effects thereon	(149)	(618)	(763)	(1,442)
	513	1,856	2,306	4,327
Total comprehensive income/(loss) for the year	1,915	(22,953)	1,316	(23,801)

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

15743- P

AmMetLife Insurance Berhad
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2016

		----------Non-Distributable----------				Distributable		
	Share Capital	Available-for-sale Fair Value Reserves			Retained Earnings			Total Equity
Group	RM'000	Shareholders' Funds RM'000	Non-participating Funds RM'000	Sub-total RM'000	Non-participating Funds RM'000	Shareholders' Funds RM'000	Sub-total RM'000	RM'000
At 1 April 2014	200,000	898	(1,995)	(1,097)	131,360	148,454	279,814	478,717
Total comprehensive income/(loss) for the year	-	565	1,291	1,856	(35,960)	11,151	(24,809)	(22,953)
Executive share scheme	-	-	-	-	-	(79)	(79)	(79)
At 31 March 2015	200,000	1,463	(704)	759	95,400	159,526	254,926	455,685
At 1 April 2015	200,000	1,463	(704)	759	95,400	159,526	254,926	455,685
Total comprehensive (loss)/income for the year	-	(48)	561	513	(1,473)	2,875	1,402	1,915
Executive share scheme	-	-	-	-	-	(71)	(71)	(71)
At 31 March 2016	200,000	1,415	(143)	1,272	93,927	162,330	256,257	457,529

15743- P

AmMetLife Insurance Berhad
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2016

		----------Non-Distributable----------				Distributable		
	Share Capital	Available-for-sale Fair Value Reserves			Retained Earnings			Total Equity
Company	RM'000	Shareholders' Funds RM'000	Non-participating Funds RM'000	Sub-total RM'000	Non-participating Funds RM'000	Shareholders' Funds RM'000	Sub-total RM'000	RM'000
At 1 April 2014	200,000	(4,315)	(1,995)	(6,310)	131,360	155,420	286,780	480,470
Total comprehensive income/(loss) for the year	-	3,036	1,291	4,327	(35,960)	7,832	(28,128)	(23,801)
Executive share scheme	-	-	-	-	-	(79)	(79)	(79)
At 31 March 2015	200,000	(1,279)	(704)	(1,983)	95,400	163,173	258,573	456,590
At 1 April 2015	200,000	(1,279)	(704)	(1,983)	95,400	163,173	258,573	456,590
Total comprehensive income/(loss) for the year	-	1,745	561	2,306	(1,473)	483	(990)	1,316
Executive share scheme	-	-	-	-	-	(71)	(71)	(71)
At 31 March 2016	200,000	466	(143)	323	93,927	163,585	257,512	457,835

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

AmMetLife Insurance Berhad
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2016

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Operating activities					
Cash used in from operating activities	23	(146,327)	(289,992)	(147,536)	(250,409)
Interest received		130,955	131,591	117,791	117,624
Dividend received		7,824	6,080	21,876	19,897
Rental received		6,753	7,660	6,753	7,660
Tax refunded		-	5,889	-	5,888
Income tax paid		(10,394)	(14,514)	(10,394)	(14,512)
Net cash flows from operating activities		(11,189)	(153,286)	(11,510)	(113,852)
Investing activities					
Proceeds from disposal of property and equipment		234	34	234	34
Purchase of property and equipment	4	(15,118)	(4,295)	(15,118)	(4,295)
Purchase of intangible assets	6	(18,403)	(5,352)	(18,403)	(5,352)
Net cash flows from investing activities		(33,287)	(9,613)	(33,287)	(9,613)
Financing activity					
Employee share based payment transaction		(71)	(79)	(71)	(79)
Net cash flows from financing activity		(71)	(79)	(71)	(79)
Net decrease in cash and cash equivalents		(44,547)	(162,978)	(44,868)	(123,544)
Cash and cash equivalents at beginning of year		326,068	489,046	324,050	447,594
Cash and cash equivalents at end of year		281,521	326,068	279,182	324,050
Cash and cash equivalents comprise:					
Short term deposits	7(a)	192,521	295,164	190,182	293,146
Cash and bank balances		89,000	30,904	89,000	30,904
		281,521	326,068	279,182	324,050

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

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2016

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The principal place of business of the Company was located at 9th Floor, Menara AmMetLife, No.1 Jalan Lumut , 50400 Kuala Lumpur (old address). On 14th September 2015, the Company relocated to 24th Floor, Menara One Sentrum, No. 201 Jalan Tun Sambanthan, 50470 Kuala Lumpur.

The principal activities of the Company are the underwriting of life and investment-linked insurance. The principal activity of the subsidiary is set out in Note 7(b) to the financial statements. There has been no significant changes in the nature of the principal activities of the Company and its subsidiary during the financial year. The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 14 June 2016.

The shareholders of the Company are AMAB Holdings Sdn Bhd ("AMAB"), a company incorporated in Malaysia and wholly-owned subsidiary of AMMB Holdings Berhad, a public listed company incorporated in Malaysia and MetLife International Holdings LLC. ("MetLife"), a wholly owned subsidiary of MetLife Inc., a public listed company incorporated in the United States of America.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act, 1965 in Malaysia.

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

Income and expenses will not be offset in the income statement unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Group.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Statement of compliance

The Company has met the minimum capital requirements as prescribed by the Risk-Based Capital ("RBC") Framework as at the reporting date.

2.3 Changes in accounting policies

The accounting policies adopted by the Group and Company are consistent with those in the previous financial year, except for the adoption of the following amendments and annual improvements to MFRSs which became effective for the Group and Company on 1 April 2015, as follows:

- Amendments to MFRS 119: Defined Benefit Plans: Employee Contributions
- Annual Improvements to MFRSs 2010-2012 Cycle
- Annual Improvements to MFRSs 2011-2013 Cycle

The adoption of the amendments and annual improvements to MFRSs during the year do not have any material impact on the financial performance or position of the Group and of the Company.

2.4 Standards issued but not yet effective

The Standards, Amendments to MFRSs and improvements to published standards that are issued but not yet effective up to the date of issuance of the Group's and of the Company's financial statements are disclosed below. The Group and Company intends to adopt these Standards, Amendments to MFRSs and improvements to published standards, if applicable, when they become effective.

Effective for financial periods beginning on or after 1 January 2016

Annual Improvements to MFRSs 2012-2014 Cycle: Amendments to MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*

Annual Improvements to MFRSs 2012-2014 Cycle: Amendments to MFRS 7 *Financial Instruments: Disclosures*

Annual Improvements to MFRSs 2012-2014 Cycle: Amendments to MFRS 119 *Employee Benefits*

Annual Improvements to MFRSs 2012-2014 Cycle: Amendments to MFRS 134 *Interim Financial Reporting*

Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

Effective for financial periods beginning on or after 1 January 2016 (cont'd.)

MFRS 14: Regulatory Deferral Accounts

Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation

Amendments to MFRS 116 and MFRS 141: Agriculture: Bearer Plants

Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Amendments to MFRS 127: Equity Method in Separate Financial Statements

Amendments to MFRS 101: Disclosure Initiatives

Amendments to MFRS 10, MFRS 12, and MFRS 128: Investment Entities - Applying the Consolidation Exception

Effective for financial periods beginning on or after 1 January 2018

MFRS 9: Financial Instruments
MFRS 15: Revenue from Contracts with Customers

Deferred

Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.

The management expects that the adoption of the above Standards, Amendments to MFRSs and improvements to published standards will have no material impact on the financial statements in the period of initial application except as described below:

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

MFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 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 summarized 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.)

2.4 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 Group's and Company's financial assets, and may have no impact on the classification and measurement of the Group's and 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 Group and 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 Group and Company. MFRS 9 will change the Group's and 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 MFRS9 until the Group and Company undertakes a detailed review.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.5 Basis of consolidation

A subsidiary is consolidated from the date of acquisition or date of incorporation, being the date on which the Company obtains control and continue to be consolidated until the date that such control effectively ceases. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if and only if the Company has:

(i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) Exposure, or rights, to variable returns from its investment with the investee; and

(iii) The ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(i) The contractual arrangement with the other vote holders of the investee;

(ii) Rights arising from other contractual arrangements; and

(iii) The Company's voting rights and potential voting rights.

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

2.6 Summary of significant accounting policies

(a) Investment in subsidiary

A subsidiary is an entity over which the Company has or is deemed to have control. Control is achieved when the criteria disclosed in Note 2.5 are met.

In the Company's separate financial statements, investment in subsidiary, which relates to investment in collective investment scheme, is carried at fair value.

On disposal of such investment, the difference between the net disposal proceeds and its carrying amount is recognised as gain or loss on disposal in the income statement.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(b) Property and equipment

Property and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property and equipment are required to be replaced at intervals, the Group and Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the income statement as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

The policy for the recognition and measurement of impairment losses is in accordance with Note 2.6(k).

Depreciation of property and equipment is calculated on a straight-line basis over the estimated useful lives of the assets. The annual depreciation rates for the various classes of property and equipment are as follows:

Buildings-owner occupied properties	2%
Motor vehicles	20%
Office and computer equipment	20%
Furniture and fittings	25%
Renovation	20%

An item of property and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(c) Investment properties

Investment properties are initially stated at cost including related and incidental expenditure incurred. Subsequent to initial recognition, investment properties are stated at fair value. 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. 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.

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

Investment properties are derecognised when either they have been disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If an owner-occupied property becomes an investment property, the Group and Company account for the property in accordance with the policy under property, plant and equipment up to the date of the change in use.

(d) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Subsequent to initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.6(l). Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the income statement in the year in which the expenditure is incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(d) Intangible assets (cont'd.)

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic lives 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 with a finite useful life is reviewed at least at the end of each financial year ended. 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. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible assets.

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

Software development cost is not amortised and is stated at cost, until such time when such software is completed and is ready for active use.

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.

(e) Financial instruments – initial recognition and subsequent measurement

Date of recognition

All financial assets and liabilities are initially recognised on the trade date, i.e., the date that the Group and Company becomes a party to the contractual provisions of the instrument. This includes "regular way trades": purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(e) Financial instruments – initial recognition and subsequent measurement (cont'd.)

Initial measurement of financial instruments

Financial assets within the scope of MFRS 139 are classified as financial assets at fair value through profit or loss, financial assets available-for-sale, financial assets held-to-maturity or loans and receivables, as appropriate. Financial liabilities of the Group and Company are classified as financial liabilities at fair value through profit or loss or at amortised cost, as appropriate.

The classification of financial instruments at initial recognition depends on the purpose and the management's intention for which the financial instruments were acquired and their characteristics. All financial instruments are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss.

Subsequent measurement

The subsequent measurement of financial instruments depends on their classification as described below:

(i) Financial assets and financial liabilities at fair value through profit or loss: held–for–trading

Financial assets and financial liabilities held–for–trading are recorded in the statement of financial position at fair value. Changes in fair value are recognised in "Fair value gains and losses". Interest and dividend income or expense are recorded in "Investment income" or "Interest expense", as appropriate and in accordance with the terms of the contract, or when the right to the payment has been established.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(e) Financial instruments – initial recognition and subsequent measurement (cont'd.)

Subsequent measurement (cont'd.)

(ii) Financial assets and financial liabilities designated at fair value through profit or loss: fair value option

Financial assets and financial liabilities classified in this category are those that have been designated by management as at fair value through profit or loss on initial recognition. Management may only designate an instrument at fair value through profit or loss upon initial recognition when the following criteria are met, and the designation is determined on an instrument by instrument basis:

- 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 them on a different basis.

- 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.

- The financial instrument contains one or more embedded derivatives which significantly modify the cash flows that otherwise would be required by the contract.

Financial assets and financial liabilities designated at fair value through profit or loss are recorded in the statement of financial position at fair value. Changes in fair value are recognised in "Fair value gains and losses". Interest and dividend income or expense are recorded in "Investment income" or "Interest income" or "Interest expense", as appropriate and in accordance with the terms of the contract, or when the right to the payment has been established.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(e) Financial instruments – initial recognition and subsequent measurement (cont'd.)

Subsequent measurement (cont'd.)

(iii) Financial investments available-for-sale

Financial investments available–for–sale include equity and debt securities. Equity investments classified as available–for–sale are those which are neither classified as held–for–trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, financial investments available–for–sale are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the "Available–for–sale fair value reserve" until the investment is derecognised, at which time the cumulative gain or loss is recognised in the income statement, or if the investment is determined to be impaired, the cumulative loss is reclassified from "Available–for–sale fair value reserve" to the income statement as "Impairment losses on financial investments". Interest earned whilst holding financial investments available–for–sale is reported as interest income using the effective interest rate ("EIR") method. Dividends earned whilst holding available–for–sale financial investments are recognised in the income statement when the right to the payment has been established. The losses arising from impairment of such investments are recognised in the income statement and removed from " Available-for-sale fair value reserve".

The Group and Company evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term is still appropriate. When, in rare circumstances, the Group and Company are unable to trade these financial assets due to inactive markets and management's intention to do so significantly changes in the foreseeable future, the Group and Company may elect to reclassify these financial assets. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Group and Company have the intent and ability to hold these assets for the foreseeable future or until maturity. Reclassification to the held-to-maturity category is permitted only when the entity has the ability and intention to hold the financial asset accordingly.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(e) Financial instruments – initial recognition and subsequent measurement (cont'd.)

Subsequent measurement (cont'd.)

(iii) Financial investments available-for-sale (cont'd.)

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the income statement.

(iv) Financial investments held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held–to–maturity financial investments when the Group and Company have the positive intention and ability to hold them to maturity. After initial measurement, financial investments held–to–maturity are measured at amortised cost using the EIR method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in "Interest income" in the income statement. The losses arising from impairment are recognised in the income statement as "Impairment losses on financial investments".

If the Group and Company were to sell or reclassify more than an insignificant amount of held–to–maturity financial investments before maturity (other than in certain specific circumstances), the entire category would be tainted and would have to be reclassified as available–for–sale. Furthermore, the Group and Company would be prohibited from classifying any financial asset as held-to-maturity during the following two years.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(e) Financial instruments – initial recognition and subsequent measurement (cont'd.)

Subsequent measurement (cont'd.)

(v) Loans and receivables

Loans and receivables include non–derivative financial assets with fixed or determinable payments that are not quoted in an active market.

After initial measurement, such financial assets are subsequently measured at amortised cost using the EIR method, less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in "Interest income" in the income statement. The losses arising from impairment are recognised in the income statement.

(f) Financial liabilities at amortised cost

Financial liabilities issued by the Group and the Company, that are not designated at fair value through profit or loss, are classified as financial liabilities at amortised cost, where the substance of the contractual arrangement results in the Group and the Company having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

After initial measurement, the financial liabilities are subsequently measured at amortised cost using the EIR. Amortised cost is calculated by taking into account any discount or premium on the issue and costs that are an integral part of the EIR.

A compound financial instrument which contains both a liability and an equity component is separated at the issue date. A portion of the net proceeds of the instrument is allocated to the debt component on the date of issue based on its fair value (which is generally determined based on the quoted market prices for similar debt instruments). The equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the debt component. The value of any derivative features (such as a call option) embedded in the compound financial instrument other than the equity component is included in the debt component.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(g) Reclassification of financial assets

The Group and Company may reclassify a non-derivative trading asset out of the "Held-for-trading" category and "Available-for-sale" category under rare circumstances and into the "Loans and receivables" category if it meets the definition of loans and receivables and the Group and Company have the intention and ability to hold the financial asset for the foreseeable future or until maturity. Reclassifications are recorded at fair value at the date of reclassification, which becomes the new amortised cost.

If a financial asset is reclassified, and if the Group and Company subsequently increases its estimates of future cash receipts as a result of increased recoverability of those cash receipts, the effect of that increase is recognised as an adjustment to the EIR from the date of the change in estimate.

For a financial asset reclassified out of the "Available-for-sale" category, any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the expected cash flows is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired then the amount recorded in equity is recycled to the income statement.

Reclassification, where permitted, is at the election of management, and is determined on an instrument by instrument basis. The Group and Company do not reclassify any financial instrument into the fair value through profit or loss category after initial recognition.

(h) Derecognition of financial assets and financial liabilities

(i) Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset has expired;
- the Group and Company have transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass–through" arrangement;
- the Group and Company have transferred substantially all the risks and rewards of the asset; or

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(h) Derecognition of financial assets and financial liabilities (cont'd.)

(i) Financial assets (cont'd.)

- the Group and Company have neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group and Company have transferred its rights to receive cash flows from an asset or has entered into a pass–through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's and of the Company's continuing involvement in the asset. In that case, the Group and Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and Company have retained.

(ii) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

(i) Fair Value Measurement

The Group and Company measure certain financial instruments 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(i) Fair Value Measurement (cont'd.)

The principal or the most advantageous market must be accessible to by the Group and 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 Group and Company use 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 all 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

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and Company determine 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 date.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(i) Fair Value Measurement (cont'd.)

The fair value for financial instruments traded in active markets at reporting date is based on their quoted market price or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include the discounted cash flow method, comparison to similar instruments for which market observable prices exist, option pricing models, credit models and other relevant valuation models.

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

(j) Impairment of financial assets

The Group and Company assess at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtor or a group of debtors is experiencing significant financial difficulty, the probability that they will enter bankruptcy or other financial reorganisation, default or delinquency in interest or principal payments and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(j) Impairment of financial assets (cont'd.)

(i) Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group and Company first assess individually whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group and Company determine that no objective evidence of impairment exists for an individually assessed financial asset, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them 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.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of "Investment income". Financial assets together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group and Company. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write–off is later recovered, the recovery is credited to income statement to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(j) Impairment of financial assets (cont'd.)

(ii) Financial investments available-for-sale

For financial investments available-for-sale, the Group and Company assesses at each reporting date whether there is objective evidence that an investment is impaired.

In the case of debt instruments classified as available-for-sale, the Group and Company assess individually whether there is objective evidence of impairment based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement. Future interest income is based on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of "Investment income". If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to a credit event occurring after the impairment loss was recognised in the income statement, the impairment loss is reversed through the income statement.

In the case of equity investments classified as available–for–sale, objective evidence would also include a "significant" or "prolonged" decline in the fair value of the investment below its cost. The Group and Company treat "significant" generally as 20% or "prolonged" generally as greater than 12 months. Where there is evidence of impairment, the cumulative loss is measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement is removed from other comprehensive income to the income statement. Impairment losses on equity investments classified as AFS are not reversed through the income statement. Reversal of impairment losses on debt instruments classified as AFS are reversed through the income statement if the increase in fair value of the investments can be objectively related to an event occurring after the impairment losses were recognised in the income statement.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(j) Impairment of financial assets (cont'd.)

(iii) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is generally not the case with master netting agreements, therefore, the related assets and liabilities are presented gross in the statement of financial position.

(k) Impairment of non-financial assets

The Group and Company assess at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group and Company estimate the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash–generating unit's ("CGU") fair value less costs to sell and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre–tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded entities or other available fair value indicators.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group and Company estimate the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(l) Intangible assets - impairment

Intangible assets with finite useful lives are tested for impairment annually either individually or at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

(m) Equity instruments

Ordinary share capital

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

Dividends on ordinary share capital

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

(n) Product classification

The Group and Company issue contracts that transfer insurance risks or financial risks or both.

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

Insurance contracts are those contracts that transfer significant insurance risk. An insurance contract is a contract under which the Group and Company (the insurer) have 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 Group and Company determine whether it has significant insurance risk, by comparing benefits paid with benefits payable if the insured event did not occur.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(n) Product classification (cont'd.)

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(n) Product classification (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 and unbundling is not required if the embedded derivative is itself an insurance contract and/or investment contract with DPF, or if the host insurance contract and/or investment contract itself is measured at fair value through profit or loss.

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

(o) Reinsurance

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

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

Reinsurance assets are reviewed for impairment at each reporting date or more frequently when an indication of impairment arises during the reporting period. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the Group and 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 Group and Company will receive from the reinsurer. The impairment loss is recorded in income statement.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(o) Reinsurance (cont'd.)

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

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

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

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

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

(p) Life insurance underwriting results

The surplus transferable from the life fund to the income statement is based on the surplus determined by an annual actuarial valuation of the long-term liabilities to policyholders.

Gross premiums

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

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

Reinsurance premiums

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

Creation of units

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

Benefits, claims and expenses

Benefits and claims that are incurred during the financial period are recognised when a claimable event occurs and/ or the insurer is notified. Benefits and claims, including settlement costs, are accounted for using the case-by-case method and for this purpose, the amounts payable under a policy are recognised as follows:

- maturity and other policy benefit payments due on specified dates are treated as claims payable on the due dates;

- death, surrender and other benefits without due dates are treated as claims payable, on the date of receipt of intimation of death of the assured or occurrence of contingency covered; and

- bonus on participating policy upon its declaration.

Commission and agency expenses

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(q) Insurance receivables

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

If there is objective evidence that the insurance receivable is impaired, the Group and Company reduce the carrying amount of the insurance receivable accordingly and recognises that impairment loss in income statement. The Group and Company gather 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 2.6(j).

Insurance receivables are derecognised when the derecognition criteria for financial assets, as described in Note 2.6(h), have been met.

(r) Life insurance contract liabilities

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(r) Life insurance contract liabilities (cont'd.)

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

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

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

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

The valuation of insurance contract liabilities is determined according to BNM's RBC Framework for Insurers and MFRS 4 Insurance Contract. The RBC Framework for Insurers issued by BNM meets the requirement of Liability Adequacy Test under MFRS 4.

(s) Other revenue recognition

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

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

Rental income

Rental income from investment properties 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.

Realised gains and losses on investments

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

Dividend income

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

Fee income

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

(t) Income taxes

(i) Current tax

Current income tax assets and liabilities for the current year are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, at the reporting date in the countries where the Group and Company operate and generate taxable income.

Current income tax recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(t) Income taxes (cont'd.)

(ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(t) Income taxes (cont'd.)

(ii) Deferred tax (cont'd.)

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted, or substantively enacted, at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(u) Provisions

Provisions are recognised when the Group and Company have 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(v) Employee benefits

Short-term benefits

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

Defined contribution pension plan

As required by law, companies within the Group and Company make contributions to the Employees Provident Fund in Malaysia. Such contributions are recognised as an expense in profit or loss as incurred. Once the contributions have been paid, the Group and Company have no further payment obligations.

Share-based compensation

AMMB, the holding company of one of the Company's shareholders, operates an equity-settled share-based compensation scheme wherein shares or options to subscribe for shares of AMMB are granted to eligible directors and employees of the AMMB Group based on certain financial and performance criteria and such conditions as it may deem fit. Prior to the share sale agreement with MetLife, when AMMB was still the ultimate holding company, eligible directors and employees of the Company were also granted the abovementioned share-based compensation.

The cost of equity–settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/ or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date"). The cumulative expense recognised for equity–settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the ultimate holding company's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period is recorded in "Personnel costs" and represents the movement in cumulative expense recognised as at the beginning and end of that period.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(v) Employee benefits (cont'd.)

Share-based compensation (cont'd.)

Where the terms of an equity–settled award are modified, the minimum expense recognised in "Employee benefits expense" is the expense as if the terms had not been modified. An additional expense is recognised for any modification which increases the total fair value of the share–based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity–settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non–vesting conditions within the control of either the entity or the counterparty are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

(w) Foreign currencies transactions

The financial statements are presented in Ringgit Malaysia which is also the functional currency of the Group and 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 arising on settlement or translation of monetary items are recognised in the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on retranslation of non-monetary items is treated in line with the recognition of gain or loss on changes in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(x) Insurance payables

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

(y) Provision for agents' retirement benefits

Provision for agents' retirement benefits is calculated in accordance with the terms and conditions in the respective Life Assurance Sales Representative's Agreements ("Agreements").

The terms and conditions of the Agreements stipulate that upon the agent maintaining his position for the qualifying year and achieving the required personal sales and minimum new business, the Group and Company shall allocate to the agent a deferred benefit/retirement benefit.

The deferred benefit/ retirement benefit accumulated as at the end of each year shall continue to accrue interest calculated based on rates stipulated in the Agreements for that year.

The accrued deferred benefit shall only become payable provided the Agreements has been in force for certain continuous contract years with the Group and Company and the agent has attained the minimum age stipulated in the Agreements.

(z) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(z) Leases (cont'd.)

Company as lessee

Finance leases that transfer to the Group and Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in "Interest expense" in the income statement.

Capitalised leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group and Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an operating expense in the income statement on a straight-line basis over the lease term. The aggregate benefits of incentive provided by the lessor is recognised as a reduction of rental expenses over the lease term on a straight line basis.

Company as lessor

Leases where the Group and Company retain substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(aa) Other financial liabilities

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

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

(bb) Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents consists of cash in hand and at banks, and short term deposits with original maturity periods of three months or less, which have an insignificant risk of changes in value and are readily convertible to a known amount.

The statements of cash flows have been prepared using the indirect method.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

3.1 Critical judgments made in applying accounting policies

In the process of applying the Group's and Company's accounting policies, management has exercised judgment and estimates in determining the amounts recognised in the financial statements. The most significant uses of judgment and estimates are as follows:

(a) Classification between investment properties and property and equipment

The Group and Company have developed certain criteria based on MFRS 140 in making judgment whether a property qualifies to be classified as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

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

(b) Impairment of loans and receivables

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

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D)

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

(b) Impairment of loans and receivables (cont'd)

The Group and Company assess 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 Group and Company comply 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 are individually assessed for impairment if past due for more than 330 days. Other factors considered by the Group and 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 Group and Company will recognise the impairment loss in the income statement immediately.

(c) Insurance contract classifications

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

(d) Impairment of AFS Financial Assets

Significant judgement is required to assess impairment for AFS financial assets. The Group and Company evaluates the duration and extent to which the fair value of an investment is less than cost; 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 flows.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D)

3.2 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:

(a) Valuation of life insurance contract liabilities

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

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

The valuation of insurance contract liabilities is determined according to BNM's RBC Framework for Insurers and MFRS 4 (Insurance Contracts). The RBC Framework for Insurers issued by BNM meets the requirement of Liability Adequacy Test under MFRS 4.

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

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D.)

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

(a) Valuation of life insurance contract liabilities (cont'd.)

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D.)

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

(a) Valuation of life insurance contract liabilities (cont'd.)

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

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

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

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

(b) Depreciation of property and equipment

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

(c) Amortisation of intangible assets

The Group and Company recognise 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 Group and Company establish that these development costs will generate economic benefits beyond one year.

The Group and Company estimate the useful lives of these software costs to be 5 years.

The Group and Company expect 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.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D.)

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

(d) Fair value of financial instruments

Where the fair values of financial assets recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of financial models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values. The judgments include considerations of liquidity and model inputs such as volatility for longer dated derivatives and discount rates, prepayment rates and default rate assumptions for asset backed securities. The valuation bases for financial instruments carried at fair value are described in Note 29(4).

(e) Valuation of investment properties

The measurement of the fair value for investment properties is arrived at by reference to market evidence of transaction prices for similar properties and is performed by independent valuers who hold a recognised and relevant professional qualification and recent experience in the locations and category of the properties being valued.

(f) Provision for policy cancellation

The provision is based on potential financial exposure arising from reversal of policy transactions as a result of policy cancellation in Life Fund, which to be transferred to Shareholders' Fund. This is to ensure all costs of compensation provided to policyholders are borne by Shareholders' Fund and not Policyowners' Fund. The rate of cancellation is assumed to follow historical trend.

(g) Provision for agents' retirement benefits

Provision for agent's retirement benefit is calculated in accordance with the terms and conditions of the Agreements, which stipulate that upon the agent maintaining his position for the qualifying year and achieving the required personal sales and minimum new business, the Group and Company shall allocate to the agent a deferred benefit/retirement benefit. Interest will be accrued based on the rates stipulated in the Agreements at the end of the financial year on the deferred benefit/retirement benefit accumulated with adjustment made subsequent to the year end. The agent's retirement benefit shall become vested and payable upon fulfilment of the stipulated conditions.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D.)

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

(g) Provision for agents' retirement benefits (cont'd.)

Judgment is required to estimate the provision to be made, based upon the likely fulfilment of the conditions. The estimate of provision for agents' retirement benefits is significantly affected by the agents achieving the required personal sales and minimum new business as stipulated in the Agreements. In the event of termination or should the agents ceased to continue with the Group and Company and withdraw from the scheme , the provision will be reversed out.

At each reporting date, these estimates are reassessed for adequacy and changes will be reflected as adjustments to the provision.

(h) Deferred tax

Deferred tax assets are recognised for all unused tax losses to the extent that it is probably that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits together with future tax planning strategies.

Assumptions about generation of future taxable profits depend on management's estimate of future cash flows. These depend on estimates of future production and sales volume, operating costs, capital expenditure, dividends and other capital management transactions. Judgment is also required about application of income tax legislation. These judgments and assumptions are subject to risks and uncertainties hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of unrecognised tax losses and unrecognised temporary differences.

4. PROPERTY AND EQUIPMENT

Group and Company	Buildings - Owner occupied properties RM'000	Motor vehicles RM'000	Office equipment RM'000	Computer equipment RM'000	Furniture, fittings and renovation RM'000	Total RM'000
2016						
Cost						
At 1 April 2015	31,172	1,091	3,874	21,631	25,912	83,680
Additions	-	-	78	3,233	11,807	15,118
Disposals	-	(466)	(2)	(216)	-	(684)
Transfer from Intangible Assets	-	-	-	4,375	-	4,375
Write-off	-	-	(161)	-	(849)	(1,010)
Impairment	(431)	-	-	-	-	(431)
At 31 March 2016	30,741	625	3,789	29,023	36,870	101,048
Accumulated depreciation						
At 1 April 2015	7,180	438	3,515	19,968	19,337	50,438
Charge for the year	623	130	147	1,275	3,447	5,622
Disposals	-	(288)	(2)	(215)	-	(505)
Transfer	-	-	(4)	-	4	-
Write-off	-	-	(151)	-	(831)	(982)
At 31 March 2016	7,803	280	3,505	21,028	21,957	54,573
Net carrying amount						
At 31 March 2016	22,938	345	284	7,995	14,913	46,475

4. PROPERTY AND EQUIPMENT (CONT'D.)

Group and Company	Buildings - Owner occupied properties RM'000	Motor vehicles RM'000	Office equipment RM'000	Computer equipment RM'000	Furniture, fittings and renovation RM'000	Total RM'000
2015						
Cost						
At 1 April 2014	31,172	1,022	3,729	20,593	23,366	79,882
Additions	-	491	157	1,041	2,606	4,295
Disposals	-	(422)	(12)	(3)	(60)	(497)
At 31 March 2015	31,172	1,091	3,874	21,631	25,912	83,680
Accumulated depreciation						
At 1 April 2014	6,557	716	3,122	18,007	15,738	44,140
Charge for the year	623	144	397	1,962	3,654	6,780
Disposals	-	(422)	(4)	(1)	(55)	(482)
At 31 March 2015	7,180	438	3,515	19,968	19,337	50,438
Net carrying amount						
At 31 March 2015	23,992	653	359	1,663	6,575	33,242

4. PROPERTY AND EQUIPMENT (CONT'D.)

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

	Group and Company	
	2016	2015
	RM'000	RM'000
Motor vehicles	128	128
Office equipment	3,109	3,109
Computer equipment	18,889	16,579
Furniture, fittings and renovation	14,858	12,622
	36,984	32,438

5. INVESTMENT PROPERTIES

	Group and Company	
	2016	2015
	RM'000	RM'000
At beginning of year	84,345	84,345
Fair value gains (Note 18)	4,008	-
At end of year	88,353	84,345

Investment properties consist of the following:

Leasehold land and buildings	29,240	23,990
Freehold land and buildings	59,113	60,355
	88,353	84,345

Included in investment properties of the Life Fund are land and building with a total fair value amounting to RM12,060,000 (2015: RM10,300,000) for which the title deeds were still in progress of being transferred to the Company at the end of the financial year.

Investment properties are stated at fair value, which has been determined based on valuations performed by IVPS Property Consultant Sdn Bhd, an accredited independent valuer. IVPS Property Consultant Sdn Bhd is a specialist in valuing these types of investment properties. The valuation model is in accordance with that recommended by the International Valuation Standards Council and Malaysian Valuation Standards and meets the requirements of MFRS 13. The valuations were based on the Market Approach which makes reference to comparable properties which have been sold or are being offered for sale.

5. INVESTMENT PROPERTIES (CONT'D.)

The Market Approach entails comparing the subject property with comparable properties which have been sold or are being offered for sale and making adjustments for factors which affect value such as location and accessibility, market conditions, size, shape and terrain of land, tenurial interest and restrictions (if any), occupancy status, built-up area, building construction, finishes and services, age and condition of building and other relevant characteristics.

The Group has determined that the highest and best use of the properties are its current use.

The fair value gains are recorded in the income statement and are disclosed in Note 18. Fair value hierarchy disclosures for investment properties have been provided in Note 29(4)(a).

The amount of rental income and expenses recorded in the Income Statement are as follows:

	Group and Company	
	2016 RM'000	2015 RM'000
Rental income derived from investment properties (Note 16)	7,394	7,872
Direct operating expenses (including repairs and maintenance) generating rental income	(4,376)	(3,613)
Profit arising from investment properties	3,018	4,259

The Group 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.

Reconciliation of Investment Properties Fair Value Movement

	Leasehold land and building RM'000	Freehold land and building RM'000	Total RM'000
At 1 April 2014	23,990	60,355	84,345
Fair value adjustments	-	-	-
At 31 March 2015	23,990	60,355	84,345
Fair value gains/ (losses)	5,250	(1,242)	4,008
At 31 March 2016	29,240	59,113	88,353

6. INTANGIBLE ASSETS

Group and Company	Development costs RM'000	Software RM'000	Total RM'000
2016			
Cost			
At 1 April 2015	2,792	61,630	64,422
Additions	16,979	1,424	18,403
Transfer to property, plant and equipment	(4,375)	-	(4,375)
Transfer to Software	(4,285)	4,285	-
At 31 March 2016	11,111	67,339	78,450
Accumulated amortisation			
At 1 April 2015	-	34,918	34,918
Charge for the year	-	14,919	14,919
At 31 March 2016	-	49,837	49,837
Net carrying amount			
At 31 March 2016	11,111	17,502	28,613
2015			
Cost			
At 1 April 2014	223	58,847	59,070
Additions	4,327	1,025	5,352
Transfer to property, plant and equipment	-	-	-
Transfer to Software	(1,758)	1,758	-
At 31 March 2015	2,792	61,630	64,422
Accumulated amortisation			
At 1 April 2014	-	24,403	24,403
Charge for the year	-	10,515	10,515
At 31 March 2015	-	34,918	34,918
Net carrying amount			
At 31 March 2015	2,792	26,712	29,504

Included in intangible assets of the Group and the Company are the costs of fully amortised software which are still in use amounting to RM6,042,000 (2015: RM5,079,000).

In line with MetLife's standard technology stack and solution for core policy administration systems, the Company will be implementing Life Asia, replacing its current core policy administration system, AmPowerLife System ("AmPLIS"). The implementation of Life Asia is expected to take approximately 24 months, to be completed by November 2016.

As such, the Company has accelerated the amortisation of AmPLIS by depreciating the net carrying amount as at 1 December 2014 over its remaining useful life of 24 months. AmPLIS is expected to be fully depreciated by November 2016, effectively shortening the amortisation period from 7 years to 5 years. The effect of acceleration on amortisation charges for the year is RM273,000 (2015: RM1,852,000).

7. INVESTMENTS

Group	2016 Shareholders' Fund RM'000	2016 Life Fund RM'000	2016 Unit-linked RM'000	2016 Total RM'000	2015 Shareholders' Fund RM'000	2015 Life Fund RM'000	2015 Unit-linked RM'000	2015 Total RM'000
Corporate bonds	336,707	1,709,450	16,368	2,062,525	310,872	1,674,115	18,566	2,003,553
Equity securities	-	113,661	51,853	165,514	-	134,210	55,272	189,482
Unit and property trust funds	-	11,782	12,630	24,412	-	13,983	12,596	26,579
Floating rate negotiable instruments of deposit	-	-	-	-	-	-	4,935	4,935
Negotiable instruments of deposit	-	50,054	-	50,054	-	49,493	-	49,493
Loans	-	199,664	-	199,664	-	201,973	-	201,973
Deposits with licensed banks	20,376	271,999	146	292,521	17,264	369,191	6,505	392,960
Seed capital - Investment-linked funds	8,362	-	-	8,362	9,958	-	-	9,958
	365,445	2,356,610	80,997	2,803,052	338,094	2,442,965	97,874	2,878,933
Loans and receivables ("LAR")	20,376	471,663	146	492,185	17,264	571,164	6,505	594,933
Available-for-sale financial assets ("AFS")	8,362	879,208	-	887,570	9,958	870,248	-	880,206
Fair value through profit or loss ("FVTPL")	336,707	1,005,739	80,851	1,423,297	310,872	1,001,553	91,369	1,403,794
	365,445	2,356,610	80,997	2,803,052	338,094	2,442,965	97,874	2,878,933

7. INVESTMENTS (CONT'D.)

Company	2016 Shareholders' Fund RM'000	2016 Life Fund RM'000	2016 Unit-linked RM'000	2016 Total RM'000	2015 Shareholders' Fund RM'000	2015 Life Fund RM'000	2015 Unit-linked RM'000	2015 Total RM'000
Corporate bonds	-	1,709,450	16,368	1,725,818	-	1,674,115	18,566	1,692,681
Equity securities	-	113,661	51,853	165,514	-	134,210	55,272	189,482
Unit and property trust funds	-	11,782	12,630	24,412	-	13,983	12,596	26,579
Investment in subsidiary - Wholesale unit trust fund (Note 7(b))	344,247	-	-	344,247	326,498	-	-	326,498
Floating rate negotiable instruments of deposit	-	-	-	-	-	-	4,935	4,935
Negotiable instruments of deposit	-	50,054	-	50,054	-	49,493	-	49,493
Loans	-	199,664	-	199,664	-	201,973	-	201,973
Deposits with licensed banks	18,037	271,999	146	290,182	15,246	369,191	6,505	390,942
Seed capital - Investment-linked funds	8,362	-	-	8,362	9,958	-	-	9,958
	370,646	2,356,610	80,997	2,808,253	351,702	2,442,965	97,874	2,892,541
Loans and receivables ("LAR")	18,037	471,663	146	489,846	15,246	571,164	6,505	592,915
Available-for-sale financial assets ("AFS")	352,609	879,208	-	1,231,817	336,456	870,248	-	1,206,704
Fair value through profit or loss ("FVTPL")	-	1,005,739	80,851	1,086,590	-	1,001,553	91,369	1,092,922
	370,646	2,356,610	80,997	2,808,253	351,702	2,442,965	97,874	2,892,541

7. INVESTMENTS (CONT'D.)

(a) LAR

Group	2016 Shareholders' Fund RM'000	2016 Life Fund RM'000	2016 Unit-linked RM'000	2016 Total RM'000	2015 Shareholders' Fund RM'000	2015 Life Fund RM'000	2015 Unit-linked RM'000	2015 Total RM'000
At amortised cost:								
Deposits with licensed banks	20,376	271,999	146	292,521	17,264	369,191	6,505	392,960
Loans	-	199,664	-	199,664	-	201,973	-	201,973
Malaysian government guaranteed loans	-	101,435	-	101,435	-	101,423	-	101,423
Policy loans	-	97,347	-	97,347	-	99,460	-	99,460
Mortgage loans	-	835	-	835	-	973	-	973
Vehicle loans	-	47	-	47	-	117	-	117
	20,376	471,663	146	492,185	17,264	571,164	6,505	594,933
At fair value:								
Deposits with licensed banks	20,376	271,999	146	292,521	17,264	369,191	6,505	392,960
Loans	-	199,664	-	199,664	-	201,973	-	201,973
Malaysian government guaranteed loans	-	101,435	-	101,435	-	101,423	-	101,423
Policy loans	-	97,347	-	97,347	-	99,460	-	99,460
Mortgage loans	-	835	-	835	-	973	-	973
Vehicle loans	-	47	-	47	-	117	-	117
	20,376	471,663	146	492,185	17,264	571,164	6,505	594,933

The carrying values of the LAR are reasonable approximations of fair value due to the insignificant impact of discounting.

Included in deposits with licensed banks are short term deposits with maturity periods of less than 3 months amounting to RM192,521,000 (2015: RM295,164,000) which have been classified as cash and cash equivalents for the purpose of the statement of cash flows.

7. INVESTMENTS (CONT'D.)

(a) LAR (CONT'D.)

Company	2016 Shareholders' Fund RM'000	2016 Life Fund RM'000	2016 Unit-linked RM'000	2016 Total RM'000	2015 Shareholders' Fund RM'000	2015 Life Fund RM'000	2015 Unit-linked RM'000	2015 Total RM'000
At amortised cost:								
Deposits with licensed banks	18,037	271,999	146	290,182	15,246	369,191	6,505	390,942
Loans	-	199,664	-	199,664	-	201,973	-	201,973
Malaysian government guaranteed loans	-	101,435	-	101,435	-	101,423	-	101,423
Policy loans	-	97,347	-	97,347	-	99,460	-	99,460
Mortgage loans	-	835	-	835	-	973	-	973
Vehicle loans	-	47	-	47	-	117	-	117
	18,037	471,663	146	489,846	15,246	571,164	6,505	592,915
At fair value:								
Deposits with licensed banks	18,037	271,999	146	290,182	15,246	369,191	6,505	390,942
Loans	-	199,664	-	199,664	-	201,973	-	201,973
Malaysian government guaranteed loans	-	101,435	-	101,435	-	101,423	-	101,423
Policy loans	-	97,347	-	97,347	-	99,460	-	99,460
Mortgage loans	-	835	-	835	-	973	-	973
Vehicle loans	-	47	-	47	-	117	-	117
	18,037	471,663	146	489,846	15,246	571,164	6,505	592,915

The carrying values of the LAR are reasonable approximations of fair value due to the insignificant impact of discounting.

Included in deposits with licensed banks are short term deposits with maturity periods of less than 3 months amounting to RM190,182,000 (2015: RM293,146,000) which have been classified as cash and cash equivalents for the purpose of the statement of cash flows.

7. INVESTMENTS (CONT'D.)

(b) AFS

Group	2016 Shareholders' Fund RM'000	2016 Life Fund RM'000	2016 Unit-linked RM'000	2016 Total RM'000	2015 Shareholders' Fund RM'000	2015 Life Fund RM'000	2015 Unit-linked RM'000	2015 Total RM'000
At fair value:								
Equity securities:								
Quoted in Malaysia	-	111,513	-	111,513	-	132,063	-	132,063
Unquoted in Malaysia	-	2,147	-	2,147	-	2,147	-	2,147
Corporate bonds:								
Unquoted in Malaysia	-	703,712	-	703,712	-	672,562	-	672,562
Unit and property trust funds:								
Quoted in Malaysia	-	11,782	-	11,782	-	13,438	-	13,438
Unquoted in Malaysia	-	-	-	-	-	545	-	545
Negotiable instruments of deposit	-	50,054	-	50,054	-	49,493	-	49,493
Seed Capital - Investment-linked funds	8,362	-	-	8,362	9,958	-	-	9,958
	8,362	879,208	-	887,570	9,958	870,248	-	880,206

7. INVESTMENTS (CONT'D.)

(b) AFS (cont'd.)

Company	2016 Shareholders' Fund RM'000	2016 Life Fund RM'000	2016 Unit-linked RM'000	2016 Total RM'000	2015 Shareholders' Fund RM'000	2015 Life Fund RM'000	2015 Unit-linked RM'000	2015 Total RM'000
At fair value:								
Equity securities:								
Quoted in Malaysia	-	111,513	-	111,513	-	132,063	-	132,063
Unquoted in Malaysia	-	2,147	-	2,147	-	2,147	-	2,147
Corporate bonds:								
Unquoted in Malaysia	-	703,712	-	703,712	-	672,562	-	672,562
Unit and property trust funds:								
Quoted in Malaysia	-	11,782	-	11,782	-	13,438	-	13,438
Unquoted in Malaysia	-	-	-	-	-	545	-	545
Investment in subsidiary								
- Wholesale unit trust fund	344,247	-	-	344,247	326,498	-	-	326,498
Negotiable instruments of deposit	-	50,054	-	50,054	-	49,493	-	49,493
Seed Capital - Investment-linked funds	8,362	-	-	8,362	9,958	-	-	9,958
	352,609	879,208	-	1,231,817	336,456	870,248	-	1,206,704

7. INVESTMENTS (CONT'D.)

(b) AFS (cont'd.)

Investment in subsidiary - Wholesale unit trust fund:

In July 2013, the Company invested RM300 million in a collective investment scheme in Malaysia, namely AmIncome Institutional 5 ("the Fund"). The Fund's investment strategy is to invest 40%-100% of its Net Asset Value ("NAV") in fixed income securities and up to 60% of its NAV in money market instruments. As at 31 March 2016, the investments of the Fund are mainly in fixed income instruments.

The Fund Manager invests in a portfolio of assets which is adequately suited to potentially achieve the expected return objective of the Fund, while at the same time minimising the risk of portfolio of assets through careful asset allocation or security selection and diversification. The Fund manager invests into permitted investments and adhere to the investment limits set for the Fund under the Trust Deed.

The Company has determined that it has control over the Fund, based on the following rationale:

By virtue to clause 17.1.2. of the Master Deed signed between the Deutsche Trustees Malaysia Berhad ("the Trustee") and AmInvestment Management Sdn. Bhd. ("the Fund Manager"), the Unitholders of the Fund may apply to the Fund Manager to summon a meeting for any purpose, without limitation, for the purpose of requiring the retirement or removal of the Fund Manager. As at 31 March 2016, all units in the Fund are held by the Company (2015: 100%).

Being the sole holder of the units in the Fund, the Company is entitled to all the distributions by the Fund, when the Fund Manager declares the distributions. The distributions of the Fund is based on performance and market value i.e. Net Asset Value ("NAV") of the Fund.

The Company has determined that it is able to exert its power in order to influence returns from its investment in the Fund by virtue of the abovementioned clause 17.1.2.

7. INVESTMENTS (CONT'D.)

(c) FVTPL - Held for trading purposes

Group	2016 Shareholders' Fund RM'000	2016 Life Fund RM'000	2016 Unit-linked RM'000	2016 Total RM'000	2015 Shareholders' Fund RM'000	2015 Life Fund RM'000	2015 Unit-linked RM'000	2015 Total RM'000
At fair value:								
Equity securities:								
Quoted in Malaysia	-	-	51,853	51,853	-	-	55,272	55,272
Corporate bonds:								
Unquoted in Malaysia	336,707	1,005,739	16,368	1,358,814	310,872	1,001,553	18,566	1,330,991
Floating rate negotiable instruments of deposit	-	-	-	-	-	-	4,935	4,935
Unit and property trust funds:								
Unquoted in Malaysia	-	-	12,630	12,630	-	-	12,596	12,596
	336,707	1,005,739	80,851	1,423,297	310,872	1,001,553	91,369	1,403,794

Company	2016 Shareholders' Fund RM'000	2016 Life Fund RM'000	2016 Unit-linked RM'000	2016 Total RM'000	2015 Shareholders' Fund RM'000	2015 Life Fund RM'000	2015 Unit-linked RM'000	2015 Total RM'000
At fair value:								
Equity securities:								
Quoted in Malaysia	-	-	51,853	51,853	-	-	55,272	55,272
Corporate bonds:								
Unquoted in Malaysia	-	1,005,739	16,368	1,022,107	-	1,001,553	18,566	1,020,119
Floating rate negotiable instruments of deposit	-	-	-	-	-	-	4,935	4,935
Unit and property trust funds:								
Unquoted in Malaysia	-	-	12,630	12,630	-	-	12,596	12,596
	-	1,005,739	80,851	1,086,590	-	1,001,553	91,369	1,092,922

7. INVESTMENTS (CONT'D.)

(d) Carrying values of financial instruments

Group	LAR RM'000	AFS RM'000	FVTPL RM'000	Total RM'000
At 1 April 2014	739,613	772,738	1,322,270	2,834,621
Purchases (Note 23)	-	210,831	523,943	734,774
Maturities (Note 23)	-	(20,004)	(190,108)	(210,112)
Disposals (Note 23)	-	(90,222)	(275,637)	(365,859)
Fair value gains recorded in:				
Income statement (Note 18)	-	-	25,478	25,478
Other comprehensive income	-	2,474	-	2,474
Insurance contract liabilities (Note 12)	-	9,247	-	9,247
Movement in deposits with licensed banks	(139,839)	-	-	(139,839)
Movement in loans	(4,841)	-	-	(4,841)
Amortisation adjustments (Note 23)	-	(4,858)	(2,152)	(7,010)
At 31 March 2015	594,933	880,206	1,403,794	2,878,933
Purchases (Note 23)		207,962	272,449	480,411
Maturities (Note 23)		(37,571)	(80,685)	(118,256)
Disposals (Note 23)		(164,735)	(167,739)	(332,474)
Fair value gains recorded in:				
Income statement (Note 18)	-	-	(2,927)	(2,927)
Other comprehensive income	-	662	-	662
Insurance contract liabilities (Note 12)	-	409	-	409
Movement in deposits with licensed banks	(100,439)	-	-	(100,439)
Movement in loans	(2,309)	-	-	(2,309)
Amortisation adjustments (Note 23)	-	637	(1,595)	(958)
At 31 March 2016	492,185	887,570	1,423,297	2,803,052

7. INVESTMENTS (CONT'D.)

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

Company	LAR RM'000	AFS RM'000	FVTPL RM'000	Total RM'000
At 1 April 2014	698,161	1,072,371	1,066,288	2,836,820
Purchases (Note 23)	-	234,402	297,369	531,771
Maturities (Note 23)	-	(20,006)	(180,006)	(200,012)
Disposals (Note 23)	-	(90,222)	(111,285)	(201,507)
Fair value gains recorded in:				
Income statement (Note 18)	-	-	21,467	21,467
Other comprehensive income	-	5,769	-	5,769
Insurance contract liabilities (Note 12)	-	9,247	-	9,247
Movement in deposits with licensed banks	(100,405)	-	-	(100,405)
Movement in loans	(4,841)	-	-	(4,841)
Amortisation adjustments (Note 23)	-	(4,857)	(911)	(5,768)
At 31 March 2015	592,915	1,206,704	1,092,922	2,892,541
Purchases (Note 23)		223,303	126,498	349,801
Maturities (Note 23)		(37,573)	(69,884)	(107,457)
Disposals (Note 23)		(164,733)	(56,958)	(221,691)
Fair value gains recorded in:				
Income statement (Note 18)	-	-	(5,320)	(5,320)
Other comprehensive income	-	3,069	-	3,069
Insurance contract liabilities (Note 12)	-	409	-	409
Movement in deposits with licensed banks	(100,760)	-	-	(100,760)
Movement in loans	(2,309)	-	-	(2,309)
Amortisation adjustments (Note 23)	-	638	(668)	(30)
At 31 March 2016	489,846	1,231,817	1,086,590	2,808,253

8. REINSURANCE ASSET

	Group and Company	
	2016	2015
	RM'000	RM'000
Reinsurance of insurance contracts (Note 12)	4,616	10,175

This relates to reinsurers' share of insurance contract liabilities.

9. INSURANCE RECEIVABLES

	Group and Company	
	2016	2015
	RM'000	RM'000
Due from reinsurers and cedants	24,613	44,569
Due premiums including agents/brokers and co-insurers balances	94,559	74,854
Allowance for impairment	(38,712)	(36,389)
	80,460	83,034

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

Details of movement in the allowance for impairment account has been disclosed in Note 29(1).

10. OTHER RECEIVABLES

	2016	2015
	RM'000	RM'000
Group		
Income due and accrued	28,725	25,646
Other receivables, deposits and prepayments	16,818	18,495
Tax recoverable	9,086	7,634
Amount due from related companies	2,978	2,105
	57,607	53,880

10. OTHER RECEIVABLES (CONT'D.)

	2016 RM'000	2015 RM'000
Company		
Income due and accrued	25,587	23,220
Other receivables, deposits and prepayments	11,431	7,270
Tax recoverable	9,086	7,634
Amount due from related companies	2,978	2,105
	49,082	40,229

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

The amount due from related companies is unsecured, non-trade related, interest-free and is repayable on demand.

11. SHARE CAPITAL

	2016		2015	
	No. of Shares '000	Amount RM'000	No. of Shares '000	Amount RM'000
Group and Company				
Authorised:				
Ordinary shares of RM1 each:				
At beginning of year	3,000,000	3,000,000	3,000,000	3,000,000
Created during the year	-	-	-	-
At end of year	3,000,000	3,000,000	3,000,000	3,000,000
Issued and paid-up:				
Ordinary shares of RM1 each:				
At beginning of year	200,000	200,000	200,000	200,000
Issued during the year	-	-	- *	- *
At end of year	200,000	200,000	200,000	200,000

* In 2015, the Company increased its issued and paid-up share capital from RM200,000,000 to RM200,000,001 through the issuance of 1 new share of RM1 each in cash.

The new ordinary shares issued during the previous financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

12. INSURANCE CONTRACT LIABILITIES

	Group and Company					
	2016			2015		
	Gross RM'000	Re-insurance RM'000	Net RM'000	Gross RM'000	Re-insurance RM'000	Net RM'000
Actuarial liabilities	2,221,054	3,825	2,224,879	2,213,336	(4,886)	2,208,450
Provision for outstanding claims	213,600	(8,441)	205,159	179,388	(5,289)	174,099
Unallocated surplus	(10,985)	-	(10,985)	18,610	-	18,610
Available-for-sale fair value reserve*	8,290	-	8,290	7,730	-	7,730
Net asset value attributable to unitholders	100,128	-	100,128	100,921	-	100,921
	2,532,087	(4,616)	2,527,471	2,519,985	(10,175)	2,509,810

Group and Company	Gross			Reinsurance			
	With DPF RM'000	Without DPF RM'000	Total RM'000	With DPF RM'000	Without DPF RM'000	Total RM'000	Net RM'000
At 1 April 2015	1,000,932	1,519,053	2,519,985	(3,367)	(6,808)	(10,175)	2,509,810
Premiums received	169,050	268,660	437,710	(656)	(38,568)	(39,224)	398,486
Liabilities paid for death, maturities, surrenders, benefits and claims	(157,076)	(244,419)	(401,495)	846	34,963	35,809	(365,686)
Benefits and claims experience variation	5,013	(55,351)	(50,338)	-	1,517	1,517	(48,821)
Adjustments due to changes in assumptions:						-	-
Mortality/morbidity/month lag/loss ratio	41	3,472	3,513	-	-	-	3,513
Expenses	15,178	5,349	20,527	-	-	-	20,527
Lapse and surrender rates	(9,316)	7,286	(2,030)	-	(711)	(711)	(2,741)
Asset Share	2,128	-	2,128	-	-	-	2,128
Discount rate	1,033	(180)	853	-	8	8	861
Model Enhancement	32,641	425	33,066	-	7,898	7,898	40,964
Other Expenses	(2,004)	-	(2,004)	-	262	262	(1,742)
Net asset value refunded to unitholders	-	(793)	(793)	-	-	-	(793)
Deficit for the year	(29,595)	-	(29,595)	-	-	-	(29,595)
Available-for-sale fair value reserve (Note 7)	409	-	409	-	-	-	409
Deferred tax effects:							
Available-for-sale fair value reserve (Note 13)	151	-	151	-	-	-	151
At 31 March 2016	1,028,585	1,503,502	2,532,087	(3,177)	(1,439)	(4,616)	2,527,471

* The Available-for-sale fair value reserve of the Participating fund is treated as part of insurance contract liabilities because it is held in respect of assets backing the insurance contract liabilities of the Participating fund.

12. INSURANCE CONTRACT LIABILITIES (CONT'D.)

Group and Company	Gross With DPF RM'000	Gross Without DPF RM'000	Gross Total RM'000	Reinsurance With DPF RM'000	Reinsurance Without DPF RM'000	Reinsurance Total RM'000	Net RM'000
At 1 April 2014	983,503	1,485,075	2,468,578	(1,922)	(17,765)	(19,687)	2,448,891
Premiums received	172,396	279,658	452,054	(1,811)	(38,536)	(40,347)	411,707
Liabilities paid for death, maturities, surrenders, benefits and claims	(138,072)	(286,238)	(424,310)	366	24,037	24,403	(399,907)
Benefits and claims experience variation	(28)	(18,118)	(18,146)	-	27,080	27,080	8,934
Adjustments due to changes in assumptions:							
Mortality/morbidity/month lag/loss ratio	(187)	1,806	1,619	-	(1,416)	(1,416)	203
Lapse and surrender rates	1,051	(6,977)	(5,926)	-	-	-	(5,926)
Discount rate	20,205	23,345	43,550	-	(208)	(208)	43,342
Other Expenses	2,858	33,055	35,913	-	-	-	35,913
Net asset value refunded to unitholders	-	7,447	7,447	-	-	-	7,447
Deficit for the year	(49,301)	-	(49,301)	-	-	-	(49,301)
Available-for-sale fair value reserve (Note 7)	9,247	-	9,247	-	-	-	9,247
Deferred tax effects:							
Available-for-sale fair value reserve (Note 13)	(740)	-	(740)	-	-	-	(740)
At 31 March 2015	1,000,932	1,519,053	2,519,985	(3,367)	(6,808)	(10,175)	2,509,810

* The Available-for-sale fair value reserve of the Participating fund is treated as part of insurance contract liabilities because it is held in respect of assets backing the insurance contract liabilities of the Participating fund.

13. DEFERRED TAX LIABILITIES

	2016 RM'000	2015 RM'000
Group		
At beginning of year	38,715	49,308
Recognised in:		
Income statement (Note 21):	(5,060)	(11,951)
Taxation of life insurance business	(4,595)	1,709
Taxation	(465)	(13,660)
Other comprehensive income	149	618
Insurance contract liabilities (Note 12)	(151)	740
At end of year	33,653	38,715
Company		
At beginning of year	37,801	47,570
Recognised in:		
Income statement (Note 21):	(5,060)	(11,951)
Taxation of life insurance business	(4,595)	1,709
Taxation	(465)	(13,660)
Other comprehensive income	763	1,442
Insurance contract liabilities (Note 12)	(151)	740
At end of year	33,353	37,801

13. DEFERRED TAX LIABILITIES (CONT'D.)

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

Group	2016 RM'000	2015 RM'000
Presented after appropriate offsetting as follows:		
Deferred tax assets	-	(197)
Deferred tax liabilities	33,653	38,912
	33,653	38,715
Company		
Presented after appropriate offsetting as follows:		
Deferred tax assets	-	(197)
Deferred tax liabilities	33,353	37,998
	33,353	37,801

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

Deferred tax assets

Group and Company	2016 RM'000	2015 RM'000
At beginning of year	197	197
Recognised in the income statement	(197)	-
At end of year	-	197

13. DEFERRED TAXATION

Deferred tax liabilities

Group	Property and equipment RM'000	Available-for-sale Fair Value reserve RM'000	Investments RM'000	Unallocated Surplus of Non-Participating Funds RM'000	Total RM'000
2016					
At 1 April 2015	5,610	924	2,251	30,127	38,912
Recognised in:					
Income statement:	(4,482)	-	(310)	(465)	(5,257)
Taxation of life insurance business	(4,482)	-	(310)	-	(4,792)
Taxation	-	-	-	(465)	(465)
Other comprehensive income	-	149	-	-	149
Insurance contract liabilities	-	(151)	-	-	(151)
At 31 March 2016	1,128	922	1,941	29,662	33,653
2015					
At 1 April 2014	5,610	(434)	542	43,787	49,505
Recognised in:					
Income statement:	-	-	1,709	(13,660)	(11,951)
Taxation of life insurance business	-	-	1,709	-	1,709
Taxation	-	-	-	(13,660)	(13,660)
Other comprehensive income	-	618	-	-	618
Insurance contract liabilities	-	740	-	-	740
At 31 March 2015	5,610	924	2,251	30,127	38,912

13. DEFERRED TAXATION (CONT'D.)

Deferred tax liabilities (cont'd.)

	Property and equipment RM'000	Available-for-sale Fair Value reserve RM'000	Investments RM'000	Unallocated Surplus of Non-Participating Funds RM'000	Total RM'000
Company					
2016					
At 1 April 2015	5,610	10	2,251	30,127	37,998
Recognised in:					
Income statement:	(4,482)	-	(310)	(465)	(5,257)
Taxation of life insurance business	(4,482)	-	(310)	-	(4,792)
Taxation	-	-	-	(465)	(465)
Other comprehensive income	-	763	-	-	763
Insurance contract liabilities	-	(151)	-	-	(151)
At 31 March 2016	1,128	622	1,941	29,662	33,353
2015					
At 1 April 2014	5,610	(2,172)	542	43,787	47,767
Recognised in:					
Income statement:	-	-	1,709	(13,660)	(11,951)
Taxation of life insurance business	-	-	1,709	-	1,709
Taxation	-	-	-	(13,660)	(13,660)
Other comprehensive income	-	1,442	-	-	1,442
Insurance contract liabilities	-	740	-	-	740
At 31 March 2015	5,610	10	2,251	30,127	37,998

14. INSURANCE PAYABLES

	Group and Company	
	2016	2015
	RM'000	RM'000
Amount due to agents, brokers, co-insurers and insureds	13,666	7,558
Amount due to reinsurers and cedants	25,677	42,854
	39,343	50,412

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

15. OTHER PAYABLES

	2016	2015
Group	RM'000	RM'000
Accruals	32,422	39,365
Advance premium	37,672	52,611
Premium deposits	11,107	10,867
Sundry payables	35,224	25,032
Deposits	2,174	2,165
Amount due to related companies	16,219	8,207
	134,818	138,247
Company		
Accruals	32,422	39,365
Advance premium	37,672	52,611
Premium deposits	11,107	10,867
Sundry payables	31,894	24,998
Deposits	2,174	2,165
Amount due to related companies	16,219	8,207
	131,488	138,213

15. OTHER PAYABLES (CONT'D.)

The carrying amounts (excluding non-financial liabilities) approximate fair values due to the relatively short-term maturity of these balances.

The amount due to related companies is unsecured, interest free, trade and non-trade related and is repayable on demand.

Included in sundry payables above is provision for agents' retirement benefits, the movement of which is as follows:

	Group and Company	
	2016 RM'000	2015 RM'000
At beginning of year	5,372	6,382
Write-back of agents' retirement (Note 20)	(1,348)	(1,113)
Provision for the year	94	1,005
Overprovision in prior year	(1,442)	(2,118)
Withdrawal during the year	(390)	(237)
Contribution during the year	178	340
At end of year	3,812	5,372

16. INVESTMENT INCOME

	Note	2016 RM'000	2015 RM'000
Group			
Rental income from investment properties	5	7,394	7,872
Financial assets at FVTPL - held for trading purposes:			
Dividend/distribution income			
- equity securities quoted in Malaysia		1,637	1,445
- unit and property trusts		133	94
Interest income			
- Malaysian government securities			
- corporate bonds		67,144	64,804
AFS financial assets:			
Interest income		36,144	34,148
Dividend/distribution income			
- equity securities quoted in Malaysia		3,885	3,545
- unit and property trusts		880	1,228
LAR Interest income		31,394	32,039
		148,611	145,175

16. INVESTMENT INCOME (CONT'D.)

Company	Note	2016 RM'000	2015 RM'000
Rental income from investment properties	5	7,394	7,872
Financial assets at FVTPL - held for trading purposes:			
Dividend/distribution income			
- equity securities quoted in Malaysia		1,637	1,445
- unit and property trusts		133	94
Interest income			
- corporate bonds		52,026	51,329
AFS financial assets:			
Interest income		36,144	34,148
Dividend/distribution income			
- equity securities quoted in Malaysia		3,885	3,545
- unit and property trusts		16,620	15,045
LAR Interest income		30,948	31,356
		148,787	144,834

17. REALISED GAINS AND LOSSES

Group	2016 RM'000	2015 RM'000
Financial assets at FVTPL - held for trading purposes:		
- equity securities quoted in Malaysia	1,526	4,146
- unit and property trusts	96	231
- negotiable instruments of deposit	331	-
- corporate bonds	544	67
AFS financial assets:		
- corporate bonds	-	322
- equity securities quoted in Malaysia	(603)	961
- unit trust and property trusts	35	(24)
Property and equipment	(27)	19
	1,902	5,722
Company		
Financial assets at FVTPL - held for trading purposes:		
- equity securities quoted in Malaysia	1,526	4,146
- unit and property trusts	96	231
- negotiable instruments of deposit	331	-
- corporate bonds	2	760
AFS financial assets:		
- corporate bonds	-	322
- equity securities quoted in Malaysia	(603)	961
- unit trust and property trusts	35	(24)
Property and equipment	(27)	19
	1,360	6,415

18. FAIR VALUE GAINS AND LOSSES

Group	2016 RM'000	2015 RM'000
Financial assets at FVTPL - held for trading purposes:		
- equity securities quoted in Malaysia	(1,891)	(3,225)
- unit and property trusts	(300)	(1)
- negotiable instruments of deposits	(220)	175
- corporate bonds	(516)	28,529
	(2,927)	25,478
Fair value gains on investment properties (Note 5)	4,008	-
Fair value gain (Note 23)	1,081	25,478
Impairment on:	(10,404)	(3,027)
- Unquoted unsecured bonds	702	73
- Quoted equities	(10,679)	(3,100)
- Self-occupied properties	(427)	-
	(9,323)	22,451

Company		
Financial assets at FVTPL - held for trading purposes:		
- equity securities quoted in Malaysia	(1,891)	(3,225)
- unit and property trusts	(300)	(1)
- negotiable instruments of deposits	(220)	175
- corporate bonds	(2,909)	24,518
	(5,320)	21,467
Fair value gains on investment properties (Note 5)	4,008	-
Fair value losses/ (gain) (Note 23)	(1,312)	21,467
Impairment on:	(10,404)	(3,027)
- Unquoted unsecured bonds	702	73
- Quoted equities	(10,679)	(3,100)
- Self-occupied properties	(427)	-
	(11,716)	18,440

19. FEE AND COMMISSION INCOME

Group and Company	2016 RM'000	2015 RM'000
Policyholder administration and investment management services	(287)	42
Fees and commission income related to insurance contracts	(287)	42

20. MANAGEMENT EXPENSES

Group	Note	2016 RM'000	2015 RM'000
Employee benefits expense	20(a)	60,533	58,043
Directors' remuneration	20(b)	1,187	1,214
CEO's/Executive Directors' remuneration including benefits-in-kind	20(b)	3,600	5,225
Auditors' remuneration:			
- statutory audits		411	385
Depreciation of property and equipment	4	5,622	6,780
Amortisation of intangible assets	6	14,919	10,515
Allowance for impairment on insurance receivables		2,323	2,977
Allowance for impairment on loans and receivables		1,272	929
Rental of office from third parties		4,000	1,064
Rental of office from other related companies	26(a)	295	609
Establishment cost		9,343	15,686
Marketing expenses		10,551	17,829
Communication expenses		702	925
Administration and general expenses		29,948	24,142
Goods and Services Tax ("GST")		1,758	-
Write-back of agents' retirement benefits	15	(1,348)	(1,113)
Policy processing expenses and others		2,475	3,618
		147,591	148,828

Company			
Employee benefits expense	20(a)	60,533	58,043
Directors' remuneration	20(b)	1,187	1,214
CEO remuneration including benefits-in-kind	20(b)	3,600	5,225
Auditors' remuneration:			
- statutory audits		407	381
Depreciation of property and equipment	4	5,622	6,780
Amortisation of intangible assets	6	14,919	10,515
Allowance for impairment on insurance receivables		2,323	2,977

20. MANAGEMENT EXPENSES (CONT'D.)

	Note	2016 RM'000	2015 RM'000
Company (cont'd.)			
Allowance for impairment on loans and receivables		1,272	929
Rental of office from third parties		4,000	1,064
Rental of office from other related companies	26(a)	295	609
Establishment cost		9,343	15,686
Marketing expenses		10,551	17,829
Communication expenses		702	925
Administration and general expenses		29,585	23,806
Goods and Services Tax ("GST")		1,758	-
Write-back of agents' retirement benefits	15	(1,348)	(1,113)
Policy processing expenses and others		2,475	3,618
		147,224	148,488

(a) Employee benefits expense

Group and Company	2016 RM'000	2015 RM'000
Wages, salaries and bonuses	41,989	40,792
Executive share scheme	(85)	894
Contributions to social security (SOCSO)	273	272
Contributions to EPF	5,952	6,081
Other benefits	12,404	10,004
Total employee benefits expenses	60,533	58,043

(b) Directors' remuneration

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

Group and Company	2016 RM'000	2015 RM'000
Executive directors:		
Fees	100	92
Allowances and other emoluments	6	6
	106	98
Non-executive directors:		
Fees	683	817
Allowances and other emoluments	398	299
	1,081	1,116
Total directors' remuneration	1,187	1,214

20. MANAGEMENT EXPENSES (CONT'D.)

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

Group and Company	2016 RM'000	2015 RM'000
CEOs' remuneration (including benefits-in-kind):		
Salaries	3,097	2,355
Ex-gratia	-	1,788
Contribution to EPF	496	642
Other benefits-in-kind	7	440
	3,600	5,225

Name	Status of directorship	2016 Fees and allowances RM'000	2015 Fees and allowances RM'000
Dato' Dr Nirmala Menon YB Menon	Executive	106	98
Total executive director's remuneration		106	98
Tan Sri Azman Hashim (Chairman)	Non-Executive	133	133
Mr Cho Horng Fatt	Non-Executive	193	171
Mr Chin Yuen Yin	Non-Executive	106	161
Mr Ashok Ramamurthy (resigned on 02/04/2015)	Non-Executive	-	107
Mr Robert Tan Bun Poo (resigned on 30/04/2014)	Non-Executive	-	12
Dato' James Lim Cheng Poh (resigned on 30/04/2014)	Non-Executive	-	11
Datuk Lakshmanan Meyyapan (resigned on 30/04/2014)	Non-Executive	-	13
Mr Toby Srihiran-Brown	Non-Executive	183	131
Dato' Abdullah Bin Mat Zaid	Non-Executive	167	125
Mr Phoon Soon Keong	Non-Executive	159	125
Dato' Seow Thiam Fatt	Non-Executive	140	127
Total non-executive directors' remuneration		1,081	1,116
Total directors' remuneration		1,187	1,214

21. TAXATION

Group and Company	2016 RM'000	2015 RM'000
Current income tax:		
Malaysian income tax	(488)	134
Overprovision in prior year	(24)	-
	(512)	134
Deferred tax (Note 13):		
Relating to origination and reversal of temporary differences	(465)	(13,660)
	(977)	(13,526)

Domestic income tax for shareholders' fund is calculated at the Malaysian statutory rate of 25% (2015: 25%) on the estimated assessable profit for the financial year. The income tax rate will be reduced to 24% effective year of assessment 2016.

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

Group	2016 RM'000	2015 RM'000
Profit/ (loss) before taxation	425	(38,335)
Taxation at Malaysian statutory tax rate of 25%	102	(9,584)
Income not subject to tax	(3,946)	(5,624)
Expenses not deductible for tax	2,891	1,682
Overprovision in prior year	(24)	-
Tax credit for the year	(977)	(13,526)
Company		
Loss before taxation	(1,967)	(41,654)
Taxation at Malaysian statutory tax rate of 25%	(472)	(10,414)
Income not subject to tax	(3,284)	(4,709)
Expenses not deductible for tax	2,803	1,597
Overprovision in prior year	(24)	-
Tax credit for the year	(977)	(13,526)

21. TAXATION (CONT'D.)

Taxation of life insurance business

Group and Company	2016 RM'000	2015 RM'000
Current income tax:		
Malaysian income tax	10,573	10,622
Over provision in prior year	(1,350)	(835)
	9,223	9,787
Deferred tax (Note 13):		
Relating to origination and reversal of temporary differences	(4,595)	1,709
	4,628	11,496

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

22. LOSS PER SHARE

Loss per share is calculated by dividing the loss for the year attributed to ordinary equity holder of the Group and the Company by the number/weighted average number of ordinary shares in issue during the year.

Group	2016	2015
Profit/ (Loss) attributable to ordinary equity holder (RM'000)	1,402	(24,809)
Number/weighted average number of ordinary shares in issue ('000)	200,000	200,000
Basic loss per share (sen)	1	(12)
Company		
Loss attributable to ordinary equity holder (RM'000)	(990)	(28,128)
Number/weighted average number of ordinary shares in issue ('000)	200,000	200,000
Basic loss per share (sen)	(0)	(14)

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 completion of these financial statements.

23. CASH FLOWS

Group	Note	2016 RM'000	2015 RM'000
Profit/(loss) before taxation		425	(38,335)
Adjustment for non-cash items:			
Taxation of life fund	21	4,628	11,496
Investment income	16	(148,611)	(145,175)
Realised gains recorded in income statement	17	(1,902)	(5,722)
Fair value gains recorded in income statement	18	(1,081)	(25,478)
Purchases of FVTPL financial investments	7(d)	(272,449)	(523,943)
Purchases of AFS financial investments	7(d)	(207,962)	(210,831)
Maturities of FVTPL financial investments	7(d)	80,685	190,108
Maturities of AFS financial investments	7(d)	37,571	20,004
Proceeds from sale of FVTPL financial investments	7(d)	167,739	275,637
Proceeds from sale of AFS financial investments	7(d)	164,735	90,222
Increase in LAR		105	7,046
Non-cash items:			
Accretion of discounts - net	7(d)	958	7,010
Depreciation of property and equipment	20	5,622	6,780
Amortisation of intangible assets	20	14,919	10,515
Fair value adjustments		1,466	(3,544)
Allowance for impairment on insurance receivables	20	2,323	2,977
Impairment of self-occupied	4	431	-
Changes in working capital:			
Reinsurance assets		5,559	9,512
Insurance receivables		251	(14,205)
Other receivables		808	(12,496)
Insurance contract liabilities		11,951	52,147
Insurance payables		(11,069)	2,420
Other payables		(3,429)	3,863
Cash used in operating activities		(146,327)	(289,992)

23. CASH FLOWS (CONT'D.)

Company	Note	2016 RM'000	2015 RM'000
Loss before taxation		(1,967)	(41,654)
Adjustment for non-cash items:			
Taxation of life fund	21	4,628	11,496
Investment income	16	(148,787)	(144,834)
Realised gains recorded in income statement	17	(1,360)	(6,415)
Fair value losses/ (gain) recorded in income statement	18	1,312	(21,467)
Purchases of FVTPL financial investments	7(d)	(126,498)	(297,369)
Purchases of AFS financial investments	7(d)	(223,303)	(234,402)
Maturities of FVTPL financial investments	7(d)	69,884	180,006
Maturities of AFS financial investments	7(d)	37,573	20,006
Proceeds from sale of FVTPL financial investments	7(d)	56,958	111,285
Proceeds from sale of AFS financial investments	7(d)	164,733	90,222
Increase in LAR		105	7,046
Non-cash items:			
Accretion of discounts - net	7(d)	30	5,768
Depreciation of property and equipment	20	5,622	6,780
Amortisation of intangible assets	20	14,919	10,515
Fair value adjustments		924	(2,851)
Allowance for impairment on insurance receivables	20	2,323	2,977
Impairment of self-occupied	4	431	-
Changes in working capital:			
Reinsurance assets		5,559	9,512
Insurance receivables		251	(14,205)
Other receivables		(5,030)	(1,272)
Insurance contract liabilities		11,951	52,147
Insurance payables		(11,069)	2,420
Other payables		(6,725)	3,880
Cash used in operating activities		(147,536)	(250,409)

24. OPERATING LEASE ARRANGEMENTS

The Company as Lessee

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

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

Group and Company	2016 RM'000	2015 RM'000
Not later than 1 year	7,062	1,296
Later than 1 year and not later than 3 years	9,442	725
	16,504	2,021

Rental expenses recognised in the Income Statement during the financial year is disclosed in Note 20.

The Company as Lessor

The Company has entered into operating lease agreements on its investment properties portfolio. These leases have remaining lease terms ranging between 1 to 3 years. These leases generally include a clause to enable revision of rental charge upon expiry of the initial term based on prevailing market rates.

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

Group and Company	2016 RM'000	2015 RM'000
Not later than 1 year	4,186	6,442
Later than 1 year and not later than 3 years	2,340	3,663
	6,526	10,105

Rental income recognised in the Income Statement during the financial year is disclosed in Note 16.

25. CAPITAL COMMITMENTS

As of 31 March 2016, capital expenditure approved by Directors but not provided for in the financial statements are as follows:

Group and Company	2016 RM'000	2015 RM'000
Authorised and contracted for:		
Computer hardware and software	35,633	7,539
	35,633	7,539
Authorised but not contracted for:		
Computer hardware and software	-	53,240
	-	53,240

26. RELATED PARTY DISCLOSURES

(a) Related parties

The related parties and their relationship with the Company as of 31 March 2016 are as follows:

Name	Relationship
AMAB Holdings Sdn. Bhd	Joint venture partner
MetLife International Holdings Inc ("MIH")	Joint venture partner
AMMB Holdings Berhad ("AMMB")	Immediate holding company of AMAB
MetLife Inc	Immediate holding company of MIH
AmIncome Institutional 5 ("AmII5")	Subsidiary
AmMetLife Takaful Berhad	Fellow subsidiary company
AmGeneral Holdings Berhad	Other related company

26. RELATED PARTY DISCLOSURES (CONT'D.)

(a) Related parties (cont'd.)

Name	Relationship
AmInvestment Bank Berhad	Other related company
AMFB Holdings Berhad	Other related company
AmBank (M) Berhad	Other related company
AmInvestment Management Sdn. Bhd.	Other related company
AmInvestment Services Berhad	Other related company
AmSecurities Sdn. Bhd.	Other related company
Arab-Malaysian Credit Berhad	Other related company
AmTrustee Berhad	Other related company
Amcorp Properties Berhad	Other related company
Amcorp Group Berhad	Other related company
AmIslamic Bank Berhad	Other related company
AMDB Berhad	Company in which a director, Tan Sri Dato' Azman Hashim has financial interests
Harpers Travel (M) Sdn. Bhd.	Company in which a director, Tan Sri Dato' Azman Hashim has financial interests
Medan Delima Sdn. Bhd.	Company in which a director, Tan Sri Dato' Azman Hashim has financial interests
Syarikat Kompleks Damai Sdn. Bhd.	Company in which a director, Tan Sri Dato' Azman Hashim has financial interests

26. RELATED PARTY DISCLOSURES (CONT'D.)

(a) Related parties (cont'd.)

Name	Relationship
AMDB Property Management Company Sdn. Bhd.	Company in which a director, Tan Sri Dato' Azman Hashim has financial interests
AMDB Realty Sdn. Bhd.	Company in which a director, Tan Sri Dato' Azman Hashim has financial interests
Insurance Australia Group Ltd. (IAG Ltd)	Corporate shareholder of AmGeneral Holdings Berhad and past corporate shareholder of the Company
MCM Consulting Sdn. Bhd.	Company in which a director, Tan Sri Dato' Azman Hashim has financial interests
MCM Horizon Sdn. Bhd.	Company in which a director, Tan Sri Dato' Azman Hashim has financial interests

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

26. RELATED PARTY DISCLOSURES (CONT'D.)

(a) Related parties (cont'd.)

Related party balances

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

Group and Company	Note	2016 RM'000	2015 RM'000
Included in other receivables:	10		
Income due and accrued:			
AmBank (M) Berhad		1,450	1,490
Amount due from related companies:			
AmGeneral Holdings Berhad		-	72
AmMetLife Takaful Berhad		1,899	2,033
AMMB Holdings Berhad		1,079	-
		2,978	2,105
Included in other payables:	15		
Amount due to related companies:			
AmBank (M) Berhad		16,209	6,948
AmGeneral Holdings Berhad		10	-
AMMB Holdings Berhad		-	1,259
		16,219	8,207
		-	-
Fixed deposits placements:			
AmBank (M) Berhad		100,000	100,000

26. RELATED PARTY DISCLOSURES (CONT'D.)

(a) Related parties (cont'd.)

Related party balances (cont'd.)

Group and Company	2016 RM'000	2015 RM'000
Investment in bonds:		
AmBank (M) Berhad	33,083	33,912
Negotiable instruments of deposit:		
AmBank (M) Berhad	50,054	54,427
Short term deposits placements:		
AmBank (M) Berhad	4,262	30,413
AmIslamic Bank Berhad	-	713
	4,262	31,126

Related party transactions

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

Group and Company	2016 RM'000	2015 RM'000
Premium income receivable from:		
Amcorp Properties Berhad	169	129
Amcorp Group Berhad	241	199
AMMB Holdings Berhad	52	149
AmInvestment Bank Berhad	669	1,213
AmBank (M) Berhad	31,649	39,928
AmGeneral Holdings Berhad	577	1,287
	33,357	42,905
Interest income receivable from:		
AmBank (M) Berhad	12,079	17,221
AmIslamic Bank Berhad	18	26
	12,097	17,247

26. RELATED PARTY DISCLOSURES (CONT'D.)

(a) Related parties (cont'd.)

Related party transactions (cont'd.)

Group and Company	Note	2016 RM'000	2015 RM'000
Rental income receivable from:			
AmBank (M) Berhad		2,349	2,193
AmInvestment Bank Berhad		355	402
AmGeneral Holdings Berhad		582	549
AmMetLife Takaful Berhad		550	469
MetLife International Holdings Inc		448	-
		4,284	3,613
General and administrative expenses recoverable from:			
AmGeneral Holdings Berhad		-	46
AmMetLife Takaful Berhad		2,887	3,592
MetLife International Holdings Inc		782	-
		3,669	3,638
Commission expenses payable to:			
AmBank (M) Berhad		7,598	7,469
General and administrative expenses payable to:			
AmBank (M) Berhad		4,428	7,765
AmGeneral Holdings Berhad		1	-
Harpers Travel (M) Sdn. Bhd.		928	1,151
		5,357	8,916

26. RELATED PARTY DISCLOSURES (CONT'D.)

(b) Key management personnel

Compensation of key management personnel

The remuneration of key management personnel during the year are as follows:

Group and Company	Note	2016 RM'000	2015 RM'000
Rental expenses payable to:			
AmInvestment Bank Berhad			-
AmBank (M) Berhad		40	56
AmGeneral Holdings Berhad		255	553
	20	295	609
Management fees to:			
AmInvestment Management Sdn. Bhd.		1,507	1,309
AmTrustee Berhad		4	39
		1,511	1,348
CEO's remuneration:			
Salaries (including benefits-in-kind)		3,104	2,795
Ex-gratia		-	1,788
Defined contribution plan - EPF		496	642
	20(b)	3,600	5,225
Executive and Non-Executive Directors' remuneration	20(b)	1,187	1,214
		4,787	6,439

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

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

27. RISK MANAGEMENT FRAMEWORK

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

(a) Risk management framework

The Group has in place an integrated risk management framework adopted from the local regulatory requirements and industry best practice which is implemented across the organisation and designed to support the identification, assessment, monitoring and control of significant risks and translate the impact on both earnings and capital.

The Group has established Enterprise Risk Management Framework ("ERMF") where it sets out a formal framework of how risks affecting insurance operations are to be managed. It also establishes the objectives/ principles and the methodology/ reporting through which risk in the Group will be managed and escalated to and oversight by AmBank Group Risk and MetLife Risk Regional Office. All identified risks will be subject to continuous monitoring and review in alignment with the assessed residual level of the risks. Enterprise risk management is a process designed to identify potential and actual events that may affect the Group and manage the risk to be within its risk appetite.

As an integral part of the overall ERMF, the Group also develops Risk Appetite Statement ("RAS") which is in compliance with the regulatory requirements as set by BNM. RAS is a comprehensive written expression of the types and aggregate level of risks that the Group wishes to assume. It establishes boundaries for managerial risk taking as the Group pursues its strategic objectives and business plan and has an impact on various activities within the Group such as product pricing, performance management, capital management and investment.

(b) Capital management objectives, policies and approach

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

The capital management objectives are:

- To maintain the level of capital as required by the Individual Target Capital Level ("ITCL") set by the Group as well as the Regulatory CAR as required by BNM.

27. RISK MANAGEMENT FRAMEWORK (CONT'D.)

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

- To allocate capital efficiently and support the development of the Group's businesses by ensuring that returns on capital employed meet the requirements of its capital providers and of its shareholders.

- To retain financial flexibility by maintaining strong liquidity position for the Group and ensuring access to a range of capital markets instruments, particularly in the event that the Internal ITCL and/or Regulatory ITCL are/is violated.

- To align the profile of assets and liabilities taking account of risks inherent in the business, thereby, providing a strong and effective Asset Liability Management Framework.

- To maintain financial strength ratings and healthy capital ratios in order to support its business objectives and maximize shareholders value.

- To provide shareholders with a predictable and sustainable dividend return as targeted in the Group's dividend policy.

Approach to capital management

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

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

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

27. RISK MANAGEMENT FRAMEWORK (CONT'D)

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

Approach to capital management (cont'd.)

Stress testing

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

- The extent by which capital will be eroded by the threats identified and the impact on the Group's financial health and CAR; and

- The actions that will be required to mitigate the threats identified.

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

(c) Risk Governance and Regulatory Framework

Risk management is an integral part of the organizational process that creates value through enabling conscious decision making around understanding the Group's risk profile. It occurs through a structured process of risk identification, risk analysis, risk evaluation and risk treatment. This process is supported by a dynamic and interactive consultation and communication of risks with all levels of management. Risks are addressed with experience, transparency and in a systematic manner such that the level of risk the Group is willing to take is clearly aligned with its risk appetite.

Issues arising from the ERMF and RAS will be subject to oversight by MetLife Risk Regional Office, AmBank Group Risk and reviewed by the Risk Management Committee of Directors. The Chief Risk Officer ("CRO") of the Group has a distinct responsibility for the risk management function and does not possess any role with other executive functions and does not have any management or financial responsibility in respect of any business lines or revenue-generating functions. In addition, to preserve the independent function, the CRO has a direct and unimpeded access to the Risk Management Committee of Directors ("RMCD") and MetLife Regional CRO Asia (Ex Japan).

27. RISK MANAGEMENT FRAMEWORK (CONT'D)

(c) Risk Governance and Regulatory Framework (cont'd.)

The Board is ultimately responsible for the management of risks for the Group and Risk Management Committee of Directors will be assisting the Board in discharging its duties in overseeing the overall management of all risks. The Board has also established various management committees to assist in managing of risk and one of them is the Governance Risk Compliance Committee ("GRCC"). GRCC will oversee the Group's aggregate risk exposure and the management of all risks, ensuring that the risk profile of the Group is within the approved risk appetite. GRCC will also recommend the risk appetite related to the relevant risk category and will compare the aggregate risk profile, both current and emerging, against risk appetite and tolerance levels.

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

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

28. INSURANCE RISK

Life insurance contracts

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

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

28. INSURANCE RISK (CONT'D.)

Life insurance contracts (cont'd.)

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

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

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

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

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

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

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

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

28. INSURANCE RISK (CONT'D.)

Life insurance contracts (cont'd.)

Other risks:

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

- expense risk – risk of loss due to expense experience being different from expectations.

Underpinning the Group's management of insurance risk is:

- adherence to an approved underwriting policy that takes into account the level of risk that the Group is prepared to accept;

- controls around the development of products and their pricing as outlined in the Product Management Framework as approved by RMCD; and

- regular analysis of actual mortality, morbidity and lapse experience, which feeds into the development of products and policies. If the analysis changes expectations of future liability cash flows, periodic adjustments are made to asset cash flows to maintain the asset liability match.

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

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

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

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

28. INSURANCE RISK (CONT'D.)

Life insurance contracts (cont'd.)

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

Group and Company	Net of reinsurance With DPF RM'000	Net of reinsurance Without DPF RM'000	Total RM'000
2016			
Whole life	489,706	341,337	831,042
Endowment	443,515	143,235	586,751
Term plans - Mortgage	-	393,968	393,968
Term plans - Others	87,887	183,153	271,040
Medical and health	-	41,463	41,463
Riders and others	23,670	76,944	100,614
Total life insurance (Note 12)	1,044,778	1,180,101	2,224,879
2015			
Whole life	446,479	290,678	737,157
Endowment	454,549	176,006	630,555
Term plans - Mortgage	-	424,835	424,835
Term plans - Others	83,378	216,798	300,176
Medical and health	-	5,129	5,129
Riders and others	13,654	96,944	110,598
Total life insurance (Note 12)	998,060	1,210,390	2,208,450

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

28. INSURANCE RISK (CONT'D.)

Key assumptions

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

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

Mortality rates:

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

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

Type of business	2016	2015
Life insurance - male	75%-112% of M9903	75%-112% of M9903
Life insurance - female	70%-137% of M9903	72%-137% of M9903

Investment return:

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

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

Type of business	2016	2015
Life insurance	4.93-5.67%	5.00-5.70%

28. INSURANCE RISK (CONT'D.)

Key assumptions (cont'd.)

Expenses:

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

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

Lapse and surrender rates:

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

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

Type of business	2016	2015
Term plans	10%-44%	11%-36%
Whole life	1%-45%	3%-43%
Endowment	1%-32%	0%-22%
Reducing term assurance	1 - 2%	1% - 2%

Discount rate:

Life insurance liabilities are determined as the sum of the discounted value of the expected benefits and future administration expenses directly related to the contract, less the discounted value of the expected theoretical premiums that would be required to meet these future cash outflows. Discount rates are based on zero-coupon spot yield of the MGS for non-participating policies and Fund-based yield for participating policy.

A decrease in discount rate will increase the value of the insurance liability, therefore profits for shareholders will be reduced. The discount rates applied for the year-end valuations are as follows:

Type of business		2016	2015
Life Insurance	- Fund Base Yield	5.67%	5.70%
	- MGS Yield	2.69%-4.28%	3.21%-4.23%

28. INSURANCE RISK (CONT'D.)

Sensitivities

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

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

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

Group and Company	Change in Assumptions %	Impact on gross liabilities RM'000	Impact on net liabilities RM'000	Impact on surplus RM'000	Impact on profit or loss and equity* RM'000
Life Insurance Contracts					
Increase/(decrease):					
31 March 2016					
Mortality/morbidity	+10%	42,357	21,199	(21,199)	(18,843)
Investment return	-1%	44,050	44,050	(44,050)	260
Expenses	+10%	18,136	18,136	(18,136)	(14,651)
Lapse and surrender rates	+10%	(10,062)	(9,998)	9,998	2,838
Discount rate	-1%	143,988	144,761	(144,761)	(135,114)
31 March 2015					
Mortality/morbidity	+10%	42,120	24,919	(24,919)	(22,566)
Investment return	-1%	(39,323)	(39,323)	39,323	172
Expenses	+10%	15,207	15,207	(15,207)	(14,627)
Lapse and surrender rates	+10%	(6,927)	(6,720)	6,720	(526)
Discount rate	-1%	211,725	211,480	(211,480)	(114,076)

*After considering tax effects

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

29. FINANCIAL RISK

(1) Credit risk

Credit risk is the risk of loss due to the inability or unwillingness of a counterparty to meet its financial obligations, including failing to meet the obligations in a timely manner.

Credit risk includes the following five elements:

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

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

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

29. FINANCIAL RISK (CONT'D.)

(1) Credit risk (cont'd.)

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

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

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

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

The Group is exposed to loan credit risk in relation to the malaysian government guaranteed loans, policy loans, mortgage loans and staff loans.

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

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

Objectives in managing credit risk

To mitigate credit risk:

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

29. FINANCIAL RISK (CONT'D.)

(1) Credit risk (cont'd.)

Credit exposure

The table below shows the maximum exposure to credit risk for the components of the statement of financial position which are exposed to credit risk. The maximum exposure is shown gross, before the effect of mitigation through the use of master netting or collateral agreements.

		2016			
Group	Note	Shareholders' Fund RM'000	Life Fund RM'000	Unit-linked RM'000	Total RM'000
LAR:	7(a)				
Deposits with licensed banks		20,376	271,999	146	292,521
Loans					
Malaysian government guaranteed loans		-	101,435	-	101,435
Policy loans		-	97,347	-	97,347
Mortgage loans		-	835	-	835
Staff loans		-	47	-	47
AFS:	7(b)				
Corporate bonds		-	703,712	-	703,712
Negotiable instruments of deposits		-	50,054	-	50,054
FVTPL - Held for trading purposes:	7(c)				
Corporate bonds		336,707	1,005,739	16,368	1,358,814
Reinsurance assets	8	-	4,616	-	4,616
Insurance receivables	9	-	80,460	-	80,460
Other receivables*		19,513	25,709	418	45,640
Cash and bank balances		(2,516)	70,797	20,719	89,000
		374,080	2,412,750	37,651	2,824,481

* Excluded prepayments and tax recoverable.

29. FINANCIAL RISK (CONT'D.)

(1) Credit risk (cont'd.)

Credit exposure (cont'd.)

		2015			
Group	Note	Shareholders' Fund RM'000	Life Fund RM'000	Unit-linked RM'000	Total RM'000
LAR:	7(a)				
Deposits with licensed banks		17,264	369,191	6,505	392,960
Loans					
Malaysian government guaranteed loans		-	101,423	-	101,423
Policy loans		-	99,460	-	99,460
Mortgage loans		-	973	-	973
Staff loans		-	117	-	117
AFS:	7(b)				
Corporate bonds		-	672,562	-	672,562
Negotiable instruments of deposits		-	49,493	-	49,493
FVTPL - Held for trading purposes:	7(c)				
Corporate bonds		310,872	1,001,553	18,566	1,330,991
Floating rate negotiable instruments deposits		-	-	4,935	4,935
Reinsurance assets	8	-	10,175	-	10,175
Insurance receivables	9	-	83,034	-	83,034
Other receivables*		16,991	26,778	1,077	44,846
Cash and bank balances		-	28,057	2,847	30,904
		345,127	2,442,816	33,930	2,821,873

* Excluded prepayments and tax recoverable.

29. FINANCIAL RISK (CONT'D.)

(1) Credit risk (cont'd.)

Credit exposure (cont'd.)

Company	Note	2016 Shareholders' Fund RM'000	Life Fund RM'000	Unit-linked RM'000	Total RM'000
LAR:	7(a)				
Deposits with licensed banks		18,037	271,999	146	290,182
Loans					
Malaysian government guaranteed loans		-	101,435	-	101,435
Policy loans		-	97,347	-	97,347
Mortgage loans		-	835	-	835
Staff loans		-	47	-	47
AFS:	7(b)				
Corporate bonds		-	703,712	-	703,712
Negotiable instruments of deposits		-	50,054	-	50,054
FVTPL - Held for trading purposes:	7(c)				
Corporate bonds		-	1,005,739	16,368	1,022,107
Reinsurance assets	8	-	4,616	-	4,616
Insurance receivables	9	-	80,460	-	80,460
Other receivables*		10,988	25,709	418	37,115
Cash and bank balances		(2,516)	70,797	20,719	89,000
		26,509	2,412,750	37,651	2,476,910

* Excluded prepayments and tax recoverable.

29. FINANCIAL RISK (CONT'D.)

(1) Credit risk (cont'd.)

Credit exposure (cont'd.)

Company	Note	2015 Shareholders' Fund RM'000	Life Fund RM'000	Unit-linked RM'000	Total RM'000
LAR:	7(a)				
Deposits with licensed banks		15,246	369,191	6,505	390,942
Loans					
Malaysian government guaranteed loans		-	101,423	-	101,423
Policy loans		-	99,460	-	99,460
Mortgage loans		-	973	-	973
Staff loans		-	117	-	117
AFS:	7(b)				
Corporate bonds		-	672,562	-	672,562
Negotiable instruments of deposits		-	49,493	-	49,493
FVTPL - Held for trading purposes:	7(c)				
Corporate bonds		-	1,001,553	18,566	1,020,119
Floating rate negotiable instruments deposits		-	-	4,935	4,935
Reinsurance assets	8	-	10,175	-	10,175
Insurance receivables	9	-	83,034	-	83,034
Other receivables*		3,340	26,778	1,077	31,195
Cash and bank balances		-	28,057	2,847	30,904
		18,586	2,442,816	33,930	2,495,332

* Excluded prepayments and tax recoverable.

29. FINANCIAL RISK (CONT'D.)

(1) Credit risk (cont'd.)

Credit exposure (cont'd.)

Credit exposure by credit rating

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

	Neither past due nor impaired							
Group 2016	AAA RM'000	AA RM'000	A RM'000	GG RM'000	Not rated RM'000	Unit-Linked RM'000	Past due but not impaired* RM'000	Total RM'000
Investments:								
LAR:								
Deposits with licensed banks	180,489	111,886	-	-	-	146	-	292,521
Loans								
Malaysian government guaranteed loans	-	-	-	101,435	-	-	-	101,435
Policy loans	-	-	-	-	97,347	-	-	97,347
Mortgage loans	-	-	-	-	835	-	-	835
Staff loans	-	-	-	-	47	-	-	47
AFS:								
Corporate bond	144,167	308,552	27,172	223,821	-	-	-	703,712
Negotiable instruments of deposits	-	50,054	-	-	-	-	-	50,054
FVTPL - Held for trading purposes:								
Corporate bonds	181,189	594,004	44,778	522,475	-	16,368	-	1,358,814
Reinsurance assets	-	4,480	136	-	-	-	-	4,616
Insurance receivables	-	12,090	3,703	-	55,847	-	8,820	80,460
Other receivables**	3,770	14,953	726	7,985	17,788	418	-	45,640
Cash and bank balances	63,365	4,816			100	20,719		89,000
	572,980	1,100,835	76,515	855,716	171,964	37,651	8,820	2,824,481

* An ageing for assets past due is provided below.

** Excluded prepayments and tax recoverable.

29. FINANCIAL RISK (CONT'D.)

(1) Credit risk (cont'd.)

Credit exposure (cont'd.)

Credit exposure by credit rating (cont'd.)

	Neither past due nor impaired							
Group 2015	AAA RM'000	AA RM'000	A RM'000	GG RM'000	Not rated RM'000	Unit-Linked RM'000	Past due but not impaired* RM'000	Total RM'000
Investments:								
LAR:								
Deposits with licensed banks	216,357	149,491	20,607	-	-	6,505	-	392,960
Loans								
Malaysian government guaranteed loans	-	-	-	101,423	-	-	-	101,423
Policy loans	-	-	-	-	99,460	-	-	99,460
Mortgage loans	-	-	-	-	973	-	-	973
Staff loans	-	-	-	-	117	-	-	117
AFS:								
Malaysian government securities								
Corporate bond	170,497	325,883	22,784	153,398	-	-	-	672,562
Negotiable instruments of deposits	-	49,493	-	-	-	-	-	49,493
FVTPL - Held for trading purposes:								
Corporate bonds	255,806	562,299	46,164	448,156	-	18,566	-	1,330,991
Floating rate negotiable instruments deposits	-	-	-	-	-	4,935	-	4,935
Reinsurance assets	-	8,226	1,466	-	483	-	-	10,175
Insurance receivables	-	30,190	12,275	-	38,945	-	1,624	83,034
Other receivables**	4,053	14,512	678	5,716	18,810	1,077	-	44,846
Cash and bank balances	21,145	6,904	-	-	8	2,847	-	30,904
	667,858	1,146,998	103,974	708,693	158,796	33,930	1,624	2,821,873

* An ageing for assets past due is provided below.

** Excluded prepayments and tax recoverable.

29. FINANCIAL RISK (CONT'D.)

(1) Credit risk (cont'd.)

Credit exposure (cont'd.)

Credit exposure by credit rating (cont'd.)

	Neither past due nor impaired							
Company 2016	AAA RM'000	AA RM'000	A RM'000	GG RM'000	Not rated RM'000	Unit-Linked RM'000	Past due but not impaired* RM'000	Total RM'000
Investments:								
LAR:								
Deposits with licensed banks	178,150	111,886	-	-	-	146	-	290,182
Loans								
Malaysian government guaranteed loans	-	-	-	101,435	-	-	-	101,435
Policy loans	-	-	-	-	97,347	-	-	97,347
Mortgage loans	-	-	-	-	835	-	-	835
Staff loans	-	-	-	-	47	-	-	47
AFS:								
Corporate bond	144,167	308,553	27,172	223,820	-	-	-	703,712
Negotiable instruments of deposits	-	50,054	-	-	-	-	-	50,054
FVTPL - Held for trading purposes:								
Corporate bonds	181,189	288,418	41,781	494,351	-	16,368	-	1,022,107
Reinsurance assets	-	4,480	136	-	-	-	-	4,616
Insurance receivables	-	12,090	3,703	-	55,847	-	8,820	80,460
Other receivables**	3,770	10,803	506	7,530	14,088	418	-	37,115
Cash and bank balances	63,365	4,816	-	-	100	20,719	-	89,000
	570,641	791,100	73,298	827,136	168,264	37,651	8,820	2,476,910

* An ageing for assets past due is provided below.

** Excluded prepayments and tax recoverable.

29. FINANCIAL RISK (CONT'D.)

(1) Credit risk (cont'd.)

Credit exposure (cont'd.)

Credit exposure by credit rating (cont'd.)

	Neither past due nor impaired							
Company 2015	AAA RM'000	AA RM'000	A RM'000	GG RM'000	Not rated RM'000	Unit-Linked RM'000	Past due but not impaired* RM'000	Total RM'000
Investments:								
LAR:								
Deposits with licensed banks	214,339	149,491	20,607	-	-	6,505	-	390,942
Loans								
Malaysian government guaranteed loans	-	-	-	101,423	-	-	-	101,423
Policy loans	-	-	-	-	99,460	-	-	99,460
Mortgage loans	-	-	-	-	973	-	-	973
Staff loans	-	-	-	-	117	-	-	117
AFS:								
Corporate bond	170,497	325,883	22,784	153,398	-	-	-	672,562
Negotiable instruments of deposits	-	49,493	-	-	-	-	-	49,493
FVTPL - Held for trading purposes:								
Corporate bonds	217,875	321,171	42,719	419,788	-	18,566	-	1,020,119
Floating rate negotiable instruments deposits	-	-	-	-	-	4,935	-	4,935
Reinsurance assets	-	8,226	1,466	-	483	-	-	10,175
Insurance receivables	-	30,190	12,275	-	38,945	-	1,624	83,034
Other receivables**	3,875	11,647	458	5,264	8,874	1,077	-	31,195
Cash and bank balances	21,145	6,904	-	-	8	2,847	-	30,904
	627,731	903,005	100,309	679,873	148,860	33,930	1,624	2,495,332

* An ageing for assets past due is provided below.

** Excluded prepayments and tax recoverable.

29. FINANCIAL RISK (CONT'D.)

(1) Credit risk (cont'd.)

Age analysis of assets past-due and impaired assets

	Past-due but not impaired					
Group and Company	< 6 months RM'000	6 months to 12 months RM'000	>12 months RM'000	Total RM'000	Past due and impaired RM'000	Total RM'000
2016						
Secured loans	-	-	-	-	3,568	3,568
Insurance receivables	-	-	8,820	8,820	38,712	47,532
	-	-	8,820	8,820	42,280	51,100
2015						
Secured loans	-	-	-	-	2,296	2,296
Insurance receivables	42	-	1,582	1,624	36,389	38,013
	42	-	1,582	1,624	38,685	40,309

Past due but not impaired assets

Receivables have been arranged to be settled in the near future and there is no indication that clients will not be able to meet their payment obligations.

Past due and impaired assets

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

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

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

29. FINANCIAL RISK (CONT'D.)

(1) Credit risk (cont'd.)

Past due and impaired assets (cont'd.)

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

At 31 March 2016, based on a collective assessment of receivables, there are impaired staff loans of RM3,568,000 (2015: RM2,296,000) and insurance receivables of RM38,712,000 (2015: RM36,389,000). A reconciliation of the allowance for impairment losses for loans and receivables and insurance receivables are as follows:

	Loans and receivables Group and Company		Insurance receivables Group and Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
At beginning of year	2,296	1,367	36,389	33,412
Charge for the year	1,272	929	2,323	2,977
At end of year	3,568	2,296	38,712	36,389

Collateral

Credit risk is mitigated by entering into collateral agreements. For staff mortgage loans, the legal title of the properties are held as collateral, whilst policy loans are collateralised on the cash value of the related policies.

The Group's and the Company's loans portfolio are generally secured by collateral with maximum loan to value ratio of 90%:

		Group and Company					
		2016			2015		
	Type of collateral	Financial effect of collateral RM'000	Maximum exposure to credit risk RM'000	Unsecured portion of credit exposure RM'000	Financial effect of collateral RM'000	Maximum exposure to credit risk RM'000	Unsecured portion of credit exposure RM'000
Policy loans	Cash value of policies	97,347	97,347	-	99,460	99,460	-
Secured loans	Properties	835	835	-	973	973	-

29. FINANCIAL RISK (CONT'D.)

(2) Liquidity risk

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

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

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

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

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

Policyholder liquidity risk (liquidity within funds managed for the benefit of policyholders)

For policyholders' funds, liquidity needs arise from a number of potential areas, including:

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

29. FINANCIAL RISK (CONT'D.)

(2) Liquidity risk (cont'd.)

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

Liquidity risk is managed in the following ways:

- Forecasts are prepared regularly to predict required liquidity levels over both the short and medium-term.
- Assets of a suitable maturity and marketability are held to meet policyholder liabilities as they fall due.
- Limits and internal asset classes on the level of investments held are set by BNM to ensure amongst other objectives, an appropriate level of exposure to non-liquid assets.

Expected utilisation or settlement of assets

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

Group	Current* RM'000	Non-Current RM'000	Unit-linked RM'000	Total RM'000
2016				
Financial instruments:				
LAR	293,857	198,182	146	492,185
AFS	95,036	792,534	-	887,570
FVTPL	112,356	1,230,090	80,851	1,423,297
Reinsurance assets	4,616	-	-	4,616
Insurance receivables	80,460	-	-	80,460
Other receivables**	45,640	-	-	45,640
Cash and bank balances	68,281	-	20,719	89,000
Total assets	700,246	2,220,806	101,716	3,022,768
2015				
Financial instruments:				
LAR	286,571	301,857	6,505	594,933
AFS	37,260	842,946	-	880,206
FVTPL	98,345	1,214,080	91,369	1,403,794
Reinsurance assets	4,593	5,582	-	10,175
Insurance receivables	83,034	-	-	83,034
Other receivables**	43,769	-	1,077	44,846
Cash and bank balances	28,057	-	2,847	30,904
Total assets	581,629	2,364,465	101,798	3,047,892

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

** Excluded prepayments and tax recoverable.

29. FINANCIAL RISK (CONT'D.)

(2) Liquidity risk (cont'd.)

Expected utilisation or settlement of assets (cont'd.)

Company	Current* RM'000	Non-Current RM'000	Unit-linked RM'000	Total RM'000
2016				
Financial instruments:				
LAR	291,518	198,182	146	489,846
AFS	95,038	1,136,779	-	1,231,817
FVTPL	59,772	945,967	80,851	1,086,590
Reinsurance assets	4,616	-	-	4,616
Insurance receivables	80,460	-	-	80,460
Other receivables**	37,115	-	-	37,115
Cash and bank balances	68,281	-	20,719	89,000
Total assets	636,800	2,280,928	101,716	3,019,444
2015				
Financial instruments:				
LAR	284,553	301,857	6,505	592,915
AFS	37,260	1,169,444	-	1,206,704
FVTPL	67,435	934,118	91,369	1,092,922
Reinsurance assets	4,593	5,582	-	10,175
Insurance receivables	83,034	-	-	83,034
Other receivables**	30,118	-	1,077	31,195
Cash and bank balances	28,057	-	2,847	30,904
Total assets	535,050	2,411,001	101,798	3,047,849

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

** Excluded prepayments and tax recoverable.

29. FINANCIAL RISK (CONT'D.)

(2) Liquidity risk (cont'd.)

Maturity profiles

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

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

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.

Group	Carrying value RM'000	Up to 1 year RM'000	1-3 years RM'000	3-5 years RM'000	5-15 years RM'000	Over 15 years RM'000	No maturity date RM'000	Total RM'000
2016								
Financial instruments:								
LAR	492,185	304,940	11,494	104,611	406	409	97,347	519,207
AFS	887,570	131,800	221,227	103,416	392,555	324,468	133,805	1,307,271
FVTPL	1,423,297	169,488	237,815	239,395	762,850	883,388	64,483	2,357,419
Reinsurance assets	4,616	5,119	245	(881)	(10,014)	10,147	-	4,616
Insurance receivables	80,460	80,460	-	-	-	-	-	80,460
Other receivables*	45,640	45,640	-	-	-	-	-	45,640
Cash and bank balances	89,000	89,000						89,000
Total financial assets	3,022,768	826,447	470,781	446,541	1,145,797	1,218,412	295,635	4,403,613
Insurance contract liabilities	2,532,087	585,440	236,878	299,831	1,390,074	1,863,996	97,433	4,473,652
Insurance payables	39,343	39,343	-	-	-	-	-	39,343
Other payables	134,818	134,818	-	-	-	-	-	134,818
Total financial liabilities	2,706,248	759,601	236,878	299,831	1,390,074	1,863,996	97,433	4,647,813

* Excluded prepayments and tax recoverable.

29. FINANCIAL RISK (CONT'D.)

(2) Liquidity risk (cont'd.)

Maturity profiles (cont'd.)

Group 2015	Carrying value RM'000	Up to 1 year RM'000	1-3 years RM'000	3-5 years RM'000	5-15 years RM'000	Over 15 years RM'000	No maturity date RM'000	Total RM'000
Financial instruments:								
LAR	594,933	299,934	122,150	9,177	102,685	573	99,460	633,979
AFS	880,206	77,720	248,529	162,954	372,258	225,595	158,151	1,245,207
FVTPL	1,403,794	176,227	315,387	255,484	722,277	727,984	67,867	2,265,226
Reinsurance assets	10,175	4,593	1,469	731	(3,691)	7,073	-	10,175
Insurance receivables	83,034	83,034	-	-	-	-	-	83,034
Other receivables*	44,846	44,846	-	-	-	-	-	44,846
Cash and bank balances	30,904	30,904	-	-	-	-	-	30,904
Total financial assets	3,047,892	717,258	687,535	428,346	1,193,529	961,225	325,478	4,313,371
Insurance contract liabilities	2,519,985	547,006	287,541	277,901	1,429,041	1,500,523	127,261	4,169,273
Insurance payables	50,412	50,412	-	-	-	-	-	50,412
Other payables	138,247	138,247	-	-	-	-	-	138,247
Total financial liabilities	2,708,644	735,665	287,541	277,901	1,429,041	1,500,523	127,261	4,357,932

* Excluded prepayments and tax recoverable.

29. FINANCIAL RISK (CONT'D.)

(2) Liquidity risk (cont'd.)

Maturity profiles (cont'd.)

Company 2016	Carrying value RM'000	Up to 1 year RM'000	1-3 years RM'000	3-5 years RM'000	5-15 years RM'000	Over 15 years RM'000	No maturity date RM'000	Total RM'000
Financial instruments:								
LAR	489,846	302,601	11,494	104,611	406	409	97,347	516,868
AFS	1,231,817	131,800	221,227	103,416	392,555	324,468	478,051	1,651,517
FVTPL	1,086,590	115,149	210,474	136,017	615,699	720,029	64,483	1,861,851
Reinsurance assets	4,616	5,119	245	(881)	(10,014)	10,147	-	4,616
Insurance receivables	80,460	80,460	-	-	-	-	-	80,460
Other receivables*	37,115	37,115	-	-	-	-	-	37,115
Cash and bank balances	89,000	89,000						89,000
Total financial assets	3,019,444	761,244	443,440	343,163	998,646	1,055,053	639,881	4,241,427
Insurance contract liabilities	2,532,087	585,440	236,878	299,831	1,390,074	1,863,996	97,433	4,473,652
Insurance payables	39,343	39,343	-	-	-	-	-	39,343
Other payables	131,488	131,488	-	-	-	-	-	131,488
Total financial liabilities	2,702,918	756,271	236,878	299,831	1,390,074	1,863,996	97,433	4,644,483

* Excluded prepayments and tax recoverable.

29. FINANCIAL RISK (CONT'D.)

(2) Liquidity risk (cont'd.)

Maturity profiles (cont'd.)

Company 2015	Carrying value RM'000	Up to 1 year RM'000	1-3 years RM'000	3-5 years RM'000	5-15 years RM'000	Over 15 years RM'000	No maturity date RM'000	Total RM'000
Financial instruments:								
LAR	592,915	297,916	122,150	9,177	102,685	573	99,460	631,961
AFS	1,206,704	77,720	248,529	162,954	372,258	225,595	484,649	1,571,705
FVTPL	1,092,922	129,305	211,689	166,401	609,527	633,447	67,867	1,818,236
Reinsurance assets	10,175	4,593	1,469	731	(3,691)	7,073	-	10,175
Insurance receivables	83,034	83,034	-	-	-	-	-	83,034
Other receivables*	31,195	31,195	-	-	-	-	-	31,195
Cash and bank balances	30,904	30,904	-	-	-	-	-	30,904
Total financial assets	3,047,849	654,667	583,837	339,263	1,080,779	866,688	651,976	4,177,210
Insurance contract liabilities	2,519,985	547,006	287,541	277,901	1,429,041	1,500,523	127,261	4,169,273
Insurance payables	50,412	50,412	-	-	-	-	-	50,412
Other payables	138,213	138,213	-	-	-	-	-	138,213
Total financial liabilities	2,708,610	735,631	287,541	277,901	1,429,041	1,500,523	127,261	4,357,898

* Excluded prepayments and tax recoverable.

29. FINANCIAL RISK (CONT'D.)

(3) Market risk

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

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

(a) Foreign exchange risk (currency risk)

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

At the end of the current reporting date, the Group has no direct exposure to foreign exchange risk.

The Group does not engage in derivative transactions for speculative purposes.

(b) Interest rate risk

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

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

29. FINANCIAL RISK (CONT'D.)

(3) Market risk (cont'd.)

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

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

The following table demonstrates the sensitivity to a reasonable change in interest rates on the fair value on the debt securities and negotiable instruments of deposits:

Group	Impact on profit before tax RM'000	Impact on net liabilities RM'000	Impact on equity* RM'000
	(Decrease) / Increase		
Changes in interest rates:			
2016			
+100 bps	(98,442)	(151,411)	(1,944)
-100 bps	98,442	191,652	1,944
2015			
+100 bps	(106,662)	(130,578)	(2,528)
-100 bps	106,662	166,911	2,528

* After considering tax effects.

29. FINANCIAL RISK (CONT'D.)

(3) Market risk (cont'd.)

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

Company	Impact on profit before tax RM'000	Impact on net liabilities RM'000	Impact on equity* RM'000
	(Decrease) / Increase		
Changes in interest rates:			
2016			
+100 bps	(80,071)	(151,411)	(1,944)
-100 bps	80,071	191,652	1,944
2015			
+100 bps	(89,430)	(130,578)	(2,528)
-100 bps	72,198	166,911	2,528

* After considering tax effects.

(c) Equity risk

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

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

29. FINANCIAL RISK (CONT'D.)

(3) Market risk (cont'd.)

(d) Price risk

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

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

Group and Company	Impact on profit before taxation RM'000	Impact on net liabilities RM'000	Impact on equity RM'000
	Increase / (Decrease)		
Changes in market indices:			
2016			
KLCI + 15%	-	24,793	-
KLCI - 15%	-	(24,793)	-
2015			
KLCI + 15%	-	28,370	-
KLCI - 15%	-	(28,370)	-

(e) Operational risks

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

29. FINANCIAL RISK (CONT'D.)

(4) Fair values of assets

(a) Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of its assets by valuation techniques:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The following tables show an analysis of assets recorded at fair value by level of the fair value hierarchy:

29. FINANCIAL RISK (CONT'D.)

(4) Fair values of assets (cont'd.)

(a) Fair value hierarchy (cont'd.)

	2016				2015			
Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Assets measured at fair value:								
Financial Assets:								
AFS:								
Equity securities:								
Quoted in Malaysia	111,513	-	-	111,513	132,063	-	-	132,063
Unquoted in Malaysia	-	2,147	-	2,147	-	2,147	-	2,147
Corporate bonds:								
Unquoted in Malaysia	-	703,712	-	703,712	-	672,562	-	672,562
Unit and property trust funds:								
Quoted in Malaysia	11,782	-	-	11,782	13,438	-	-	13,438
Unquoted in Malaysia	-	-	-	-	-	545	-	545
Negotiable instruments of deposit	-	50,054	-	50,054	-	49,493	-	49,493
Seed Capital - Investment-linked funds	-	8,362	-	8,362	-	9,958	-	9,958
	123,295	764,275	-	887,570	145,501	734,705	-	880,206

29. FINANCIAL RISK (CONT'D.)

(4) Fair values of assets (cont'd.)

(a) Fair value hierarchy (cont'd.)

	2016				2015			
Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Assets measured at fair value:								
Financial Assets:								
FVTPL - Held for trading purposes:								
Equity securities:								
Quoted in Malaysia	51,853	-	-	51,853	55,272	-	-	55,272
Corporate bonds:								
Unquoted in Malaysia	-	1,358,814	-	1,358,814	-	1,330,991	-	1,330,991
Floating rate negotiable instruments deposit	-	-	-	-	-	4,935	-	4,935
Unit and property trust funds:								
Unquoted in Malaysia	-	12,630	-	12,630	-	12,596	-	12,596
	51,853	1,371,444	-	1,423,297	55,272	1,348,522	-	1,403,794
Non Financial Assets:								
Investment properties	-	-	88,353	88,353	-	-	84,345	84,345

29. FINANCIAL RISK (CONT'D.)

(4) Fair values of assets (cont'd.)

(a) Fair value hierarchy (cont'd.)

	2016				2015			
Company	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Assets measured at fair value:								
Financial Assets:								
AFS:								
Equity securities:								
Quoted in Malaysia	111,513	-	-	111,513	132,063	-	-	132,063
Unquoted in Malaysia	-	2,147	-	2,147	-	2,147	-	2,147
Corporate bonds:								
Unquoted in Malaysia	-	703,712	-	703,712	-	672,562	-	672,562
Unit and property trust funds:								
Quoted in Malaysia	11,782	-	-	11,782	13,438	-	-	13,438
Unquoted in Malaysia	-	-	-	-	-	545	-	545
Wholesale fund	-	344,247	-	344,247	-	326,498	-	326,498
Negotiable instruments of deposit	-	50,054	-	50,054	-	49,493	-	49,493
Seed Capital - Investment-linked funds	-	8,362	-	8,362	-	9,958	-	9,958
	123,295	1,108,522	-	1,231,817	145,501	1,061,203	-	1,206,704

29. FINANCIAL RISK (CONT'D.)

(4) Fair values of assets (cont'd.)

(a) Fair value hierarchy (cont'd.)

	2016				2015			
Company	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Assets measured at fair value:								
Financial Assets:								
FVTPL - Held for trading purposes:								
Equity securities:								
Quoted in Malaysia	51,853	-	-	51,853	55,272	-	-	55,272
Corporate bonds:								
Unquoted in Malaysia	-	1,022,107	-	1,022,107	-	1,020,119	-	1,020,119
Floating rate negotiable instruments deposit	-	-	-	-	-	4,935	-	4,935
Unit and property trust funds:								
Unquoted in Malaysia	-	12,630	-	12,630	-	12,596	-	12,596
	51,853	1,034,737	-	1,086,590	55,272	1,037,650	-	1,092,922
Non Financial Assets:								
Investment properties	-	-	88,353	88,353	-	-	84,345	84,345

29. FINANCIAL RISK (CONT'D.)

(4) Fair values of assets (cont'd.)

(b) Information about significant unobservable inputs used in Level 3 fair value measurements:

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3):

Description	Fair value as at 2016 RM'000	Valuation techniques	Unobservable inputs	Range (weighted average)
Investment properties				
Commercial properties	88,353	Comparison approach	Estimated value p.s.f	RM95 - RM598

Description	Fair value as at 2015 RM'000	Valuation techniques	Unobservable inputs	Range (weighted average)
Investment properties				
Commercial properties	84,345	Comparison approach Cost method	Estimated value p.s.f Estimated market value	RM63 - RM1,303 RM500,000 - RM36,800,000

29. FINANCIAL RISK (CONT'D.)

(4) Fair values of assets (cont'd.)

(c) Movements in level 3 assets and liabilities measured at fair value:

The following tables present the reconciliation for all assets measured at fair value based on significant unobservable inputs (Level 3)

Group and Company	2016 RM'000	2015 RM'000
Opening balance	84,345	84,345
Total gain for the year:		
Included in income statement	4,008	-
Closing balance	88,353	84,345

For investments properties, a significant increase/(decrease) in unobservable inputs would result in a significantly (lower)/higher fair value measurement.

(d) Determination of fair value

The following methods and assumptions were used to estimate the fair values:

- The fair value of financial assets such as equity securities, that are actively traded in organised financial markets is determined by reference to quoted prices for assets at the close of business on the reporting date.

- For investments in unit, real estate investment trusts and wholesale unit trust fund, fair value is determined by reference to published net asset values. Investments in equity that do not have quoted market price in an active market and whose fair value cannot be reliably measured will be stated at cost less impairment losses.

- For financial instruments where there is no active market such as unquoted fixed income securities i.e. unquoted bonds, fair value is obtained from Bond Pricing Agency Malaysia Sdn. Bhd. ("BPAM").

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

- The fair value of Negotiable Instruments of Deposit ("NID") are based on broker quotes, whereas the fair value of fixed interest/yield bearing deposits is the principal itself.

- The fair value of investment properties are determined using the bases disclosed in Note 5.

30. REGULATORY CAPITAL REQUIREMENTS

The total capital available of the Company as at 31 March 2016 as prescribed under the RBC framework is provided below:

Company	2016 RM'000	2015 RM'000
Eligible Tier 1 Capital		
Share capital (paid up)	200,000	200,000
Reserves, including retained earnings	559,333	591,571
	759,333	791,571
Tier 2 Capital		
Eligible reserves	7,198	4,272
Amount deducted from capital	(28,613)	(29,504)
Total capital available	737,918	766,339

31. COMMITMENT AND CONTINGENCIES

(a) Complaints from policyholders relating to alleged mis-selling

During the previous financial year, AmMetLife Insurance Berhad received complaints from 9 policyholders relating to the alleged mis-selling of a certain insurance product of AmMetLife. Since the last financial year end until 31 March 2016, AmMetLife received complaints from 50 policyholders. AMAB and MetLife are working jointly in the process of investigating these complaints and assessing any financial impact thereon.

Under the terms for the sale by AMAB to MetLife of shares in the Group, AMAB would fully indemnify MetLife or the Group from any losses arising from incidences of mis-selling of certain specified insurance products occuring prior to the share sale.

(b) Implementation of LifeAsia System

In line with MetLife's standard technology stack and solution for core policy administration systems, the Company will be implementing Life Asia, replacing its current policy administration system i.e. AmPowerLife System ("AmPLIS").

Life Asia is expected to cost RM45.6 million, with an estimated useful life of 8 years. The implementation of Life Asia is expected to take approximately 24 months, to be completed by November 2016.

32. INSURANCE FUNDS

The Group's and the Company's activities are organised by funds and segregated into the Shareholders', Life and Investment-linked funds in accordance with the Financial Services Act, 2013. The Statements of Financial Position and Income Statements by funds are presented as follows:

Statements of Financial Position by Funds
As at 31 March 2016

	Shareholders' Fund		Life Fund		Unit-linked		Elimination*		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group										
Assets										
Property and equipment	-	-	46,475	33,242	-	-	-	-	46,475	33,242
Investment properties	-	-	88,353	84,345	-	-	-	-	88,353	84,345
Intangible assets	-	-	28,613	29,504	-	-	-	-	28,613	29,504
Investments	365,445	338,094	2,356,610	2,442,965	80,997	97,874	-	-	2,803,052	2,878,933
Reinsurance assets	-	-	4,616	10,175	-	-	-	-	4,616	10,175
Insurance receivables	-	-	80,460	83,034	-	-	-	-	80,460	83,034
Other receivables	25,949	23,466	31,011	29,107	647	1,307	-	-	57,607	53,880
Cash and bank balances	(2,516)	-	70,797	28,057	20,719	2,847	-	-	89,000	30,904
Interfund balances	-	3,979	10,111	-	285	444	(10,396)	(4,423)	-	-
Total assets	388,878	365,539	2,717,046	2,740,429	102,648	102,472	(10,396)	(4,423)	3,198,176	3,204,017

32. INSURANCE FUNDS (CONT'D.)

Statements of Financial Position by Funds
As at 31 March 2016 (cont'd.)

	Shareholders' Fund		Life Fund		Unit-linked		Elimination*		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group										
Equity										
Share capital	200,000	200,000	-	-	-	-	-	-	200,000	200,000
Retained profits	162,330	159,526	93,927	95,400	-	-	-	-	256,257	254,926
AFS fair value reserves	1,415	1,463	(143)	(704)	-	-	-	-	1,272	759
Total equity	363,745	360,989	93,784	94,696	-	-	-	-	457,529	455,685
Liabilities										
Insurance contract liabilities	2,031	-	2,429,928	2,419,064	100,128	100,921	-	-	2,532,087	2,519,985
Deferred tax liabilities	447	488	33,216	38,010	(10)	217	-	-	33,653	38,715
Insurance payables	-	-	39,343	50,412	-	-	-	-	39,343	50,412
Provision for taxation	-	-	-	-	746	973	-	-	746	973
Other payables	12,259	4,062	120,775	133,824	1,784	361	-	-	134,818	138,247
Interfund balances	10,396	-	-	4,423	-	-	(10,396)	(4,423)	-	-
Total liabilities	25,133	4,550	2,623,262	2,645,733	102,648	102,472	(10,396)	(4,423)	2,740,647	2,748,332
Total equity and liabilities	388,878	365,539	2,717,046	2,740,429	102,648	102,472	(10,396)	(4,423)	3,198,176	3,204,017

** Refers to elimination of interfund balances.*

32. INSURANCE FUNDS (CONT'D.)

Statements of Financial Position by Funds
As at 31 March 2016 (cont'd.)

	Shareholders' Fund		Life Fund		Unit-linked		Elimination*		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Company										
Assets										
Property and equipment	-	-	46,475	33,242	-	-	-	-	46,475	33,242
Investment properties	-	-	88,353	84,345	-	-	-	-	88,353	84,345
Intangible assets	-	-	28,613	29,504	-	-	-	-	28,613	29,504
Investments	370,646	351,702	2,356,610	2,442,965	80,997	97,874	-	-	2,808,253	2,892,541
Reinsurance assets	-	-	4,616	10,175	-	-	-	-	4,616	10,175
Insurance receivables	-	-	80,460	83,034	-	-	-	-	80,460	83,034
Other receivables	17,424	9,815	31,011	29,107	647	1,307	-	-	49,082	40,229
Cash and bank balances	(2,516)	-	70,797	28,057	20,719	2,847	-	-	89,000	30,904
Interfund balances	-	3,979	10,111	-	285	444	(10,396)	(4,423)	-	-
Total assets	385,554	365,496	2,717,046	2,740,429	102,648	102,472	(10,396)	(4,423)	3,194,852	3,203,974
Equity										
Share capital	200,000	200,000	-	-	-	-	-	-	200,000	200,000
Retained profits	163,585	163,173	93,927	95,400	-	-	-	-	257,512	258,573
AFS fair value reserves	466	(1,279)	(143)	(704)	-	-	-	-	323	(1,983)
Total equity	364,051	361,894	93,784	94,696	-	-	-	-	457,835	456,590
Liabilities										
Insurance contract liabilities	2,031	-	2,429,928	2,419,064	100,128	100,921	-	-	2,532,087	2,519,985
Deferred tax liabilities	147	(426)	33,216	38,010	(10)	217	-	-	33,353	37,801
Insurance payables	-	-	39,343	50,412	-	-	-	-	39,343	50,412
Provision for taxation	-	-	-	-	746	973	-	-	746	973
Other payables	8,929	4,028	120,775	133,824	1,784	361	-	-	131,488	138,213
Interfund balances	10,396	-	-	4,423	-	-	(10,396)	(4,423)	-	-
Total liabilities	21,503	3,602	2,623,262	2,645,733	102,648	102,472	(10,396)	(4,423)	2,737,017	2,747,384
Total equity and liabilities	385,554	365,496	2,717,046	2,740,429	102,648	102,472	(10,396)	(4,423)	3,194,852	3,203,974

** Refers to elimination of interfund balances.*

32. INSURANCE FUNDS (CONT'D.)

Income Statements by Funds
For the year ended 31 March 2016

	Shareholders' Fund		Life Fund		Unit-linked		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
Group	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Gross earned premiums	-	-	407,467	414,269	30,244	37,785	437,711	452,054
Premiums ceded to reinsurers	-	-	(39,224)	(40,347)	-	-	(39,224)	(40,347)
Net earned premiums	-	-	368,243	373,922	30,244	37,785	398,487	411,707
Investment income	16,111	14,694	129,445	127,636	3,055	2,845	148,611	145,175
Realised gains and losses	634	(693)	(687)	2,246	1,955	4,169	1,902	5,722
Fair value gains and losses	2,393	4,011	(9,181)	21,354	(2,535)	(2,914)	(9,323)	22,451
Fee and commission income	-	-	12,005	9,812	(12,292)	(9,770)	(287)	42
Other operating income	-	-	55	104	36	39	91	143
Other revenue	19,138	18,012	131,637	161,152	(9,781)	(5,631)	140,994	173,533
Gross benefits and claims	(2,031)	-	(378,376)	(399,925)	(21,089)	(24,385)	(401,496)	(424,310)
Claims ceded to reinsurers	-	-	35,809	24,403	-	-	35,809	24,403
Gross change to contract liabilities	-	-	21,877	(7,656)	793	(7,447)	22,670	(15,103)
Change in contract liabilities ceded to reinsurers	-	-	(8,712)	(8,801)	-	-	(8,712)	(8,801)
Net benefits and claims	(2,031)	-	(329,402)	(391,979)	(20,296)	(31,832)	(351,729)	(423,811)
Fee and commission expenses	-	-	(35,108)	(39,440)	-	-	(35,108)	(39,440)
Management expenses	(12,047)	(6,727)	(135,439)	(141,988)	(105)	(113)	(147,591)	(148,828)
Taxation of life insurance business	-	-	(4,566)	(11,287)	(62)	(209)	(4,628)	(11,496)
Other expenses	(12,047)	(6,727)	(175,113)	(192,715)	(167)	(322)	(187,327)	(199,764)

32. INSURANCE FUNDS (CONT'D.)

Income Statements by Funds
For the year ended 31 March 2016 (cont'd.)

	Shareholders' Fund		Life Fund		Unit-linked		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
Group	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Profit/(loss) from operations	5,060	11,285	(4,635)	(49,620)	-	-	425	(38,335)
Transfer from Shareholder Fund	(2,698)	-	2,698	-	-	-	-	-
Profit/(loss) from operations after transfer	2,362	11,285	(1,937)	(49,620)	-	-	425	(38,335)
Transfer from Life Insurance Fund*	(1,937)	(49,620)	1,937	49,620	-	-	-	-
Profit/(loss) before taxation	425	(38,335)	-	-	-	-	425	(38,335)
Taxation	977	13,526	-	-	-	-	977	13,526
Net profit/(loss) for the year	1,402	(24,809)	-	-	-	-	1,402	(24,809)

** The amount transferred from the Life Insurance Fund to the Shareholders' Fund is net of tax.*

32. INSURANCE FUNDS (CONT'D.)

Income Statements by Funds
For the year ended 31 March 2016 (cont'd.)

	Shareholders' Fund		Life Fund		Unit-linked		Total	
Company	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Gross earned premiums	-	-	407,467	414,269	30,244	37,785	437,711	452,054
Premiums ceded to reinsurers	-	-	(39,224)	(40,347)	-	-	(39,224)	(40,347)
Net earned premiums	-	-	368,243	373,922	30,244	37,785	398,487	411,707
Investment income	16,287	14,353	129,445	127,636	3,055	2,845	148,787	144,834
Realised gains and losses	92	-	(687)	2,246	1,955	4,169	1,360	6,415
Fair value gains and losses	-	-	(9,181)	21,354	(2,535)	(2,914)	(11,716)	18,440
Fee and commission income	-	-	12,005	9,812	(12,292)	(9,770)	(287)	42
Other operating income	-	-	55	104	36	39	91	143
Other revenue	16,379	14,353	131,637	161,152	(9,781)	(5,631)	138,235	169,874
Gross benefits and claims	(2,031)	-	(378,376)	(399,925)	(21,089)	(24,385)	(401,496)	(424,310)
Claims ceded to reinsurers	-	-	35,809	24,403	-	-	35,809	24,403
Gross change to contract liabilities	-	-	21,877	(7,656)	793	(7,447)	22,670	(15,103)
Change in contract liabilities ceded to reinsurers	-	-	(8,712)	(8,801)	-	-	(8,712)	(8,801)
Net benefits and claims	(2,031)	-	(329,402)	(391,979)	(20,296)	(31,832)	(351,729)	(423,811)
Fee and commission expenses	-	-	(35,108)	(39,440)	-	-	(35,108)	(39,440)
Management expenses	(11,680)	(6,387)	(135,439)	(141,988)	(105)	(113)	(147,224)	(148,488)
Taxation of life insurance business	-	-	(4,566)	(11,287)	(62)	(209)	(4,628)	(11,496)
Other expenses	(11,680)	(6,387)	(175,113)	(192,715)	(167)	(322)	(186,960)	(199,424)

32. INSURANCE FUNDS (CONT'D.)

Income Statements by Funds
For the year ended 31 March 2016 (cont'd.)

	Shareholders' Fund		Life Fund		Unit-linked		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
Company	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Profit/(loss) from operations	2,668	7,966	(4,635)	(49,620)	-	-	(1,967)	(41,654)
Transfer from Shareholder Fund	(2,698)	-	2,698	-	-	-	-	-
Profit/(loss) from operations after transfer	(30)	7,966	(1,937)	(49,620)	-	-	(1,967)	(41,654)
Transfer to Life Insurance Fund*	(1,937)	(49,620)	1,937	49,620	-	-	-	-
Loss before taxation	(1,967)	(41,654)	-	-	-	-	(1,967)	(41,654)
Taxation	977	13,526	-	-	-	-	977	13,526
Net loss for the year	(990)	(28,128)	-	-	-	-	(990)	(28,128)

** The amount transferred to the Life Insurance Fund from the Shareholders' Fund is net of tax.*

32. INSURANCE FUNDS (CONT'D.)

Information on Cash Flows by Funds
For the year ended 31 March 2016

Group	Shareholders' Fund		Life Fund		Unit-linked		Total	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Net cash flows from:								
Operating activities	667	(47,487)	(21,166)	(105,511)	9,310	(288)	(11,189)	(153,286)
Investing activities	-	-	(33,287)	(9,613)	-	-	(33,287)	(9,613)
Financing activities	(71)	(79)	-	-	-	-	(71)	(79)
Net increase/(decrease) in cash and cash equivalents	596	(47,566)	(54,453)	(115,124)	9,310	(288)	(44,547)	(162,978)
Cash and cash equivalents at beginning of year	17,264	64,830	297,249	412,373	11,555	11,843	326,068	489,046
Cash and cash equivalents at end of year	17,860	17,264	242,796	297,249	20,865	11,555	281,521	326,068
Short term deposits	20,376	17,264	171,999	269,192	146	8,708	192,521	295,164
Cash and bank balances	(2,516)	-	70,797	28,057	20,719	2,847	89,000	30,904
	17,860	17,264	242,796	297,249	20,865	11,555	281,521	326,068

Company	Shareholders' Fund		Life Fund		Unit-linked		Total	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Net cash flows from:								
Operating activities	346	(8,053)	(21,166)	(105,511)	9,310	(288)	(11,510)	(113,852)
Investing activities	-	-	(33,287)	(9,613)	-	-	(33,287)	(9,613)
Financing activities	(71)	(79)	-	-	-	-	(71)	(79)
Net increase/(decrease) in cash and cash equivalents	275	(8,132)	(54,453)	(115,124)	9,310	(288)	(44,868)	(123,544)
Cash and cash equivalents at beginning of year	15,246	23,378	297,249	412,373	11,555	11,843	324,050	447,594
Cash and cash equivalents at end of year	15,521	15,246	242,796	297,249	20,865	11,555	279,182	324,050
Short term deposits	18,037	15,246	171,999	269,192	146	8,708	190,182	293,146
Cash and bank balances	(2,516)	-	70,797	28,057	20,719	2,847	89,000	30,904
	15,521	15,246	242,796	297,249	20,865	11,555	279,182	324,050

32. INSURANCE FUNDS (CONT'D.)

Investment-linked Fund Statement of Financial Position
As at 31 March 2016

	Group and Company	
	2016 RM'000	2015 RM'000
Assets		
Investments	80,997	97,874
Other assets	21,651	4,598
Total assets	102,648	102,472
Liabilities		
Other liabilities	2,520	1,551
Total liabilities	2,520	1,551
Net assets value of funds	100,128	100,921

Investment-linked Fund Income Statement
For the year ended 31 March 2016

Group and Company	2016 RM'000	2015 RM'000
Investment income	3,055	2,845
Realised gains and losses	1,955	4,169
Fair value gains and losses	(2,535)	(2,914)
Other operating income	36	39
	2,511	4,139
Fee and commission expenses	(12,292)	(9,770)
Management expenses	(105)	(113)
Loss before taxation	(9,886)	(5,744)
Taxation	(62)	(209)
Net loss for the year	(9,948)	(5,953)
Net creation of units	30,244	37,785
Net cancellation of units	(21,089)	(24,385)
Movement in Net Asset value attributable to unitholders	(793)	7,447