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TUNE INSURANCE MALAYSIA BERHAD
(30686 K)
(Incorporated in Malaysia)

Directors' Report and Audited Financial Statements
31 December 2015

30686 K

**Tune Insurance Malaysia Berhad
(Incorporated in Malaysia)**

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Tune Insurance Malaysia Berhad
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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 December 2015.

Principal activities

The Company is engaged principally in the underwriting of all classes of general insurance business. The principal activities of the subsidiaries are set out in Note 7 to the financial statements.

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

Results

	Group RM'000	Company RM'000
Net profit for the year	<u>27,650</u>	<u>23,039</u>

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

In the opinion of the directors, the results of the operations of the 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

The amount of dividend declared and paid by the Company since 31 December 2015 was as follows:

	RM'000
Final dividend of 50% of nominal value of share capital less 25% tax, amounting to RM11,001,454 in respect of the financial year ended 31 December 2014 approved on 2 June 2015 and paid on 26 June 2015	<u>11,001</u>

**Tune Insurance Malaysia Berhad
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Tune Protect Group Berhad (formerly known as Tune Ins Holdings Berhad) Employees' Share Option Scheme ("ESOS")

On 18 March 2014, Tune Protect Group Berhad (formerly known as Tune Ins Holdings Berhad) offered 15,715,000 ESOS shares to eligible employees of the Group. The offer period is from 18 March 2014 to 17 April 2014. The ESOS will be exercisable over a period of 5 years from the grant date of 17 April 2014 at an exercise price of RM1.71 per ESOS share.

Directors

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

Mohd Yusof Bin Hussian (appointed as Chairman on 14 August 2015)
Chee Siew Eng
Lee Siang Korn @ Lee Siang Chin
Tan Ming-Li
Junior Namjick Cho
Lim Chong Beng (appointed on 1 September 2015)
Ng Soon Lai @ Ng Siek Chuan (resigned on 22 May 2015)

Corporate governance

The directors confirmed that the Company has complied with all prescriptive requirements and adopts management practices that are consistent with the corporate governance principles set out in BNM/RH/GL/003-2: Prudential Framework of Corporate Governance for Insurers as follows:

(a) Responsibility of the Board of Directors

The Board of Directors ("the Board") is charged with the responsibility of providing direction on corporate objectives and business strategies, proper stewardship over Company resources, achievement of corporate objectives, and good corporate citizenship. The Board ensures that there is a sound decision making process and business operating environment, with proper risk management and internal control frameworks.

The Board ensures that it complies with the Financial Services Act, 2013 ("the Act") and Bank Negara Malaysia ("BNM") minimum standards for Prudential Management of Insurers (BNM/RH/GL/003-1), other guidelines or directives issued by BNM, and other statutory and regulatory requirements. The Board had set up Board Committees to oversee and report on functional performances as part of its stewardship and oversight functions.

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Corporate governance (cont'd.)

(b) Composition and meetings

The Board comprises one (1) Independent Non-Executive Chairman, four (4) Independent Non-Executive Directors, one (1) Non-Independent Executive Director and one (1) Non-Independent Non-Executive Director. All appointments are in accordance with the Act and BNM guidelines.

The directors bring with them various skills, experience and knowledge in the insurance business to undertake stewardship and oversight of the Company.

The attendance for Directors is calculated based on their tenure of service in the Company during the financial year.

During the financial year, the members of the Board met seven (7) times, with attendance recorded as follows:

	Attendance
Mohd Yusof Bin Hussian (appointed as Chairman on 19 June 2015)	7/7
<u>Members:</u>	
Chee Siew Eng	7/7
Lee Siang Korn @ Lee Siang Chin	6/7
Tan Ming-Li	7/7
Junior Namjick Cho	6/7
Lim Chong Beng (appointed on 1 September 2015)	2/2
Ng Soon Lai @ Ng Siek Chuan (resigned on 22 May 2015)	2/3

(c) Board Committees

The Board had set up and delegated certain responsibilities to the Board Committees to facilitate the execution of its duties and responsibilities. These committees have their respective terms of reference. The Chairman of the respective committees reports regularly to the Board.

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Corporate governance (cont'd.)

(c) Board Committees (cont'd.)

(i) Risk Management Committee ("RMC")

The RMC comprises three (3) Independent Non-Executive Directors ("INED") as follows:

<u>Chairman:</u>	Attendance
Chee Siew Eng (INED)	6/6
<u>Members:</u>	
Mohd Yusof Bin Hussian (INED)	6/6
Tan Ming-Li ((INED)	6/6

The RMC oversees the risk management activities - ensures that an appropriate and effective risk framework is in place, deliberates risk management strategies and tolerance limits for the various business activities, reviewing and ensuring adequate reinsurance arrangements are in place for risks written and recommends policies to be adopted to contain Company wide risks.

The RMC met six (6) times during the financial year.

(ii) Audit Committee ("AC")

The AC comprises three (3) INED as follows:

<u>Chairman:</u>	Attendance
Lee Siang Korn @ Lee Siang Chin (INED) (appointed as Chairman on 11 May 2015)	5/5
<u>Members:</u>	
Chee Siew Eng (INED)	5/5
Tan Ming-Li (appointed as member on 11 May 2015)	2/2
Lim Chong Beng (appointed on 1 September 2015)	1/1
Mohd Yusof Bin Hussian (resigned from Chairman on 11 May 2015)	3/3

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Corporate governance (cont'd.)

(c) Board Committees (cont'd.)

(ii) Audit Committee ("AC") (cont'd.)

The AC's terms of reference include ensuring an independent, effective and appropriately resourced internal audit department is in place to provide reasonable assurance that the Company's internal control and risk frameworks are preserved, assets are safeguarded, and obligations are met. In addition, the Committee reviews and recommends the adoption of the annual financial statements, and reviews the disclosure of related party transactions. The AC also assesses the work of the external auditors and recommends their appointment/re-appointment.

The AC met five (5) times during the financial year.

(iii) Nomination and Remuneration Committee ("NRC")

The NRC comprises five (5) INED and one (1) NINED as follows:

	Attendance
<u>Chairman:</u>	
Mohd Yusof Bin Hussian (INED)	5/5
<u>Members:</u>	
Chee Siew Eng (INED)	5/5
Lee Siang Korn @ Lee Siang Chin (INED)	4/5
Tan Ming-Li ((INED)	4/4
Lim Chong Beng (INED) (appointed on 1 September 2015)	1/1
Ng Soon Lai @ Ng Siek Chuan (resigned on 22 May 2015)	2/2

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Corporate governance (cont'd.)

(c) Board Committees (cont'd.)

(iii) Nomination and Remuneration Committee ("NRC") (cont'd.)

The NRC is empowered to evaluate the performance of individual directors and recommend the appointment of Chairman and members of the Board Committees. The NRC proposes first to the Board new directors followed by submission to BNM for appointment and existing directors for re-appointment or re-election. Suitability, competencies and contributions of directors are reviewed prior to any recommendation. The NRC also performs annual review to assess if the composition and size of the Board and skills of individual directors taken together will facilitate effective discharge of Board duties and oversight function. The NRC is responsible for reviewing and recommending remuneration packages for the Chief Executive Officer ("CEO") and senior management and changes to staff remuneration policies. The NRC is also charged with the responsibility of ensuring that the remuneration packages commensurate with industry practices, and address the need for retention and motivation of staff.

The NRC also evaluates and recommends appointment of the CEO and key senior officers of the Company.

The NRC met five (5) times during the financial year.

(iv) Investment Committee ("IC")

The IC members comprise three (3) INED as follows:

	Attendance
<u>Chairman:</u>	
Lee Siang Korn @ Lee Siang Chin (INED)	5/5
<u>Members:</u>	
Mohd Yusof Bin Hussian (INED)	5/5
Tan Ming-Li ((INED)	3/3

**Tune Insurance Malaysia Berhad
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Corporate governance (cont'd.)

(c) Board Committees (cont'd.)

(iv) Investment Committee ("IC") (cont'd.)

The terms of reference of this Committee is to monitor and manage the investment portfolio, review and recommend investment policies, and review and evaluate the performance of both the internal and external fund management function in view of optimisation of investment returns. This Committee is guided by the Company's Investment Guidelines, business strategies and market conditions and outlook.

The Committee is responsible for the appointment and retention of fund managers as well as evaluation of their performance.

The IC met five (5) times during the financial year.

Directors' benefits

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

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors from the Company and related corporations, or the fixed salary of a full-time employee of the Company as shown in Note 25 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

Directors' interests

According to the register of directors' shareholdings, the interest of directors in office at the end of the financial year in shares in the Company or its related corporations during the financial year were as follows:

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Directors' interests (cont'd.)

	No of ordinary shares of RM0.10 each			
	As at 1.1.2015 '000	Acquired '000	Disposed '000	As at 31.12.2015 '000
Holding company, Tune Protect Group Berhad (formerly known as Tune Ins Holdings Berhad):				
Direct interest:				
Mohd Yusof Bin Hussian	35	-	-	35
Chee Siew Eng	10	-	-	10

Other than as disclosed above, the other directors in office at the end of the financial year did not have any interest in shares of the Company or its related corporations during the financial year.

Other statutory information

- (a) Before the statements of financial position 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 actions 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 allowances had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
- (i) the amount written off for bad debts or the amount of the allowances for doubtful debts of the Group and of the Company inadequate to any substantial extent; and
 - (ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.

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Other statutory information (cont'd.)

- (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.
 - (e) As 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 in respect of the Group or of the Company which has arisen since the end of the financial year.
 - (f) In the opinion of the directors:
 - (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and 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 or of the Company for the financial year in which this report is made.
- For the purpose of paragraphs (e)(ii) and (f)(i) above, contingent or other liabilities do not include liabilities arising from insurance contracts underwritten in the ordinary course of business of the Company.
- (g) Before the statements of financial position and statements of comprehensive income 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 prescribed under Part D of the Risk-Based Capital ("RBC") Framework for insurers issued by BNM.

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Auditors

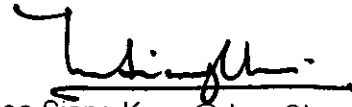
The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 24 March 2016.



Mohd Yusof Bin Hussian

Kuala Lumpur, Malaysia



Lee Siang Korn @ Lee Siang Chin

30686 K

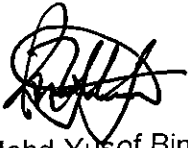
**Tune Insurance Malaysia Berhad
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Statement by Directors

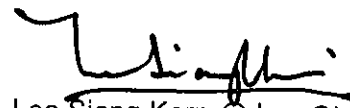
Pursuant to Section 169(15) of the Companies Act, 1965

We, Mohd Yusof Bin Hussian and Lee Siang Korn @ Lee Siang Chin, being two of the directors of Tune Insurance Malaysia Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 14 to 127 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 24 March 2016.



Mohd Yusof Bin Hussian



Lee Siang Korn @ Lee Siang Chin

Kuala Lumpur, Malaysia

Statutory Declaration

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

I, Su Tieng Teck, being the officer primarily responsible for the financial management of Tune Insurance Malaysia Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 14 to 127 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 Su Tieng Teck at
Kuala Lumpur in the Federal Territory
on 24 March 2016

Before me,



2/5-4, Menara RLH
(Business Centre)
No: 2, Jalan Kastipillay
Batu 2½, Off Jalan Ipoh
51200 Kuala Lumpur



Su Tieng Teck

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**Independent auditors' report to the members of
Tune Insurance Malaysia Berhad
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Report on the financial statements

We have audited the financial statements of Tune Insurance Malaysia Berhad, which comprise the statements of financial position as at 31 December 2015 of the Group and of the Company, and the 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 notes, as set out on pages 14 to 127.

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.

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**Independent auditors' report to the members of
Tune Insurance Malaysia Berhad (cont'd.)
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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 December 2015 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

Report on other legal and regulatory requirements

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

Kuala Lumpur, Malaysia
24 March 2016



Yeo Beng Yean
No. 3013/10/16(J)
Chartered Accountant

Tune Insurance Malaysia Berhad
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Statements of financial position
As at 31 December 2015

		Group		Company	
	Note	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Assets					
Property and equipment	3	5,072	5,857	5,072	5,857
Investment property	4	2,433	2,352	2,433	2,352
Intangible assets	5	1,451	1,681	1,451	1,681
Investments	7	587,621	545,324	459,410	432,242
Reinsurance assets	8	248,126	257,515	248,126	257,515
Insurance receivables	9	107,317	71,019	107,317	71,019
Other receivables	10	98,084	68,512	95,097	67,670
Tax recoverable		17,631	12,984	17,631	12,984
Deferred tax assets	11	291	1,007	291	1,007
Cash and bank balances		8,679	8,416	8,670	8,396
Total assets		1,076,705	974,667	945,498	860,723
Equity					
Share capital	12	100,013	100,013	100,013	100,013
Share premium		3,335	3,335	3,335	3,335
Available-for-sale reserves		(61)	848	1,952	2,543
Retained earnings		129,380	117,024	127,367	115,329
Equity attributable to owners of the parent		232,667	221,220	232,667	221,220
Non-controlling interests	13	131,018	113,782	-	-
Total equity		363,685	335,002	232,667	221,220
Liabilities					
Insurance contract liabilities	14	564,139	525,807	564,139	525,807
Retirement benefits	15	530	792	530	792
Insurance payables	16	107,152	82,395	107,152	82,395
Other payables	17	41,199	30,671	41,010	30,509
Total liabilities		713,020	639,665	712,831	639,503
Total equity and liabilities		1,076,705	974,667	945,498	860,723

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

Tune Insurance Malaysia Berhad
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Statements of comprehensive income
For the financial year ended 31 December 2015

		Group		Company	
	Note	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Operating revenue	18	420,621	392,793	413,361	387,518
Gross earned premiums	19(a)	394,206	366,072	394,206	366,072
Earned premiums ceded to reinsurers	19(b)	(214,305)	(206,090)	(214,305)	(206,090)
Net earned premiums	19	179,901	159,982	179,901	159,982
Investment income	20	26,415	26,721	19,155	21,446
Realised gains and losses	21	220	5,813	205	5,813
Fair value gains and losses	22	(416)	360	503	1,295
Fee and commission income		44,692	41,472	44,692	41,472
Other operating income	23	2,609	1,515	2,609	1,515
Other revenue		73,520	75,881	67,164	71,541
Gross claims paid	24(a)	(161,801)	(150,000)	(161,801)	(150,000)
Claims ceded to reinsurers	24(b)	74,256	62,333	74,256	62,333
Gross change to contract liabilities	24(c)	(18,359)	(17,581)	(18,359)	(17,581)
Change in contract liabilities ceded to reinsurers	24(d)	(11,930)	751	(11,930)	751
Net claims		(117,834)	(104,497)	(117,834)	(104,497)
Fee and commission expense		(57,083)	(55,555)	(57,083)	(55,555)
Management expenses	25	(47,043)	(44,507)	(45,298)	(43,623)
Other operating expenses	26	(15)	(590)	(15)	(590)
Other expenses		(104,141)	(100,652)	(102,396)	(99,768)
Profit before taxation		31,446	30,714	26,835	27,258
Taxation	27	(3,796)	(5,077)	(3,796)	(5,077)
Net profit for the year		27,650	25,637	23,039	22,181

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Statements of comprehensive income
For the financial year ended 31 December 2015 (cont'd.)

		Group		Company	
	Note	2015	2014	2015	2014
		RM'000	RM'000	RM'000	RM'000
Other comprehensive loss:					
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:					
<u>Movements in available-for-sale fair value reserves:</u>					
Loss on fair value changes of AFS investments	7(d)	(1,000)	(855)	(682)	(471)
Realised gain transferred to profit or loss	22	(305)	(1,677)	(305)	(1,677)
Cummulative loss reclassified to profit or loss	26	-	506	-	506
Deferred tax relating to components of other comprehensive income	11	396	834	396	834
Net other comprehensive loss for the year		(909)	(1,192)	(591)	(808)
Total comprehensive income for the year		26,741	24,445	22,448	21,373
Profit attributable to:					
Owners of the parent		23,357	22,565	23,039	22,181
Non-controlling interests		4,293	3,072	-	-
		27,650	25,637	23,039	22,181
Other comprehensive loss attributable to:					
Owners of the parent		(909)	(1,192)	(591)	(808)
Non-controlling interests		-	-	-	-
		(909)	(1,192)	(591)	(808)

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Tune Insurance Malaysia Berhad
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Statements of comprehensive income
For the financial year ended 31 December 2015 (cont'd.)

		Group		Company	
	Note	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Total comprehensive income attributable to:					
Owners of the parent		22,448	21,373	22,448	21,373
Non-controlling interests		4,293	3,072	-	-
		<u>26,741</u>	<u>24,445</u>	<u>22,448</u>	<u>21,373</u>
Earnings per share attributable to owners of the parent (sen per share)					
Basic	28	<u>23.35</u>	<u>22.56</u>		

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

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Tune Insurance Malaysia Berhad
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Statements of changes in equity
For the financial year ended 31 December 2015

Group	Note	<----- Attributable to the owners of the parent ----->					
		Share capital RM'000	Share premium RM'000	Available- for-sale reserves RM'000	Dis- tributable Retained earnings RM'000	Non- controlling interests RM'000	Total equity RM'000
		(Note 13)					
At 1 January 2015		100,013	3,335	848	117,024	113,782	335,002
Net profit for the year		-	-	-	23,357	4,293	27,650
Other comprehensive loss for the year		-	-	(909)	-	-	(909)
Total comprehensive income for the year		-	-	(909)	23,357	4,293	26,741
Arising from change in stake	14	-	-	-	-	15,659	15,659
Dividends paid	29	-	-	-	(11,001)	(2,716)	(13,717)
At 31 December 2015		100,013	3,335	(61)	129,380	131,018	363,685
At 1 January 2014		100,013	3,335	2,040	107,461	-	212,849
Net profit for the year		-	-	-	22,565	3,072	25,637
Other comprehensive loss for the year		-	-	(1,192)	-	-	(1,192)
Total comprehensive income for the year		-	-	(1,192)	22,565	3,072	24,445
Arising from change in stake	14	-	-	-	-	113,793	113,793
Dividends paid	29	-	-	-	(13,002)	(3,083)	(16,085)
At 31 December 2014		100,013	3,335	848	117,024	113,782	335,002

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Tune Insurance Malaysia Berhad
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Statements of changes in equity
For the financial year ended 31 December 2015 (cont'd.)

Company	Note	<----- Attributable to the owners of the parent ----->					
		Share capital RM'000	Share premium RM'000	Available- for-sale reserves RM'000	Dis- tributable Retained earnings RM'000	Non- controlling interests RM'000	Total equity RM'000
At 1 January 2015		100,013	3,335	2,543	115,329	-	221,220
Net profit for the year		-	-	-	23,039	-	23,039
Other comprehensive loss for the year		-	-	(591)	-	-	(591)
Total comprehensive income for the year		-	-	(591)	23,039	-	22,448
Dividends paid	29	-	-	-	(11,001)	-	(11,001)
At 31 December 2015		100,013	3,335	1,952	127,367	-	232,667
At 1 January 2014		100,013	3,335	3,351	106,150	-	212,849
Net profit for the year		-	-	-	22,181	-	22,181
Other comprehensive loss for the year		-	-	(808)	-	-	(808)
Total comprehensive income for the year		-	-	(808)	22,181	-	21,373
Dividends paid	29	-	-	-	(13,002)	-	(13,002)
At 31 December 2014		100,013	3,335	2,543	115,329	-	221,220

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

Tune Insurance Malaysia Berhad
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Statements of cash flows

For the financial year ended 31 December 2015

		Group		Company	
	Note	2015	2014	2015	2014
		RM'000	RM'000	RM'000	RM'000
		(Restated)		(Restated)	
Profit before taxation		31,446	30,714	26,835	27,258
Adjustments for:					
Depreciation of property and equipment	3	1,497	1,266	1,497	1,266
Depreciation of investment property	4	22	21	22	21
Amortisation of intangible assets	5	816	715	816	715
Investment income	20	(26,415)	(26,721)	(19,155)	(21,446)
Realised gains and losses	21	(220)	(5,813)	(205)	(5,813)
Fair value gains and losses	22	416	(360)	(503)	(1,295)
Impairment loss of quoted equity securities	26	-	506	-	506
Reversal of allowance for impairment losses of insurance receivables	9	(3,112)	263	(3,112)	263
		4,450	591	6,195	1,475
Changes in working capital:					
Reinsurance assets		9,389	(5,761)	9,389	(5,761)
Insurance receivables		(33,186)	(5,487)	(33,186)	(5,487)
Other receivables		(25,813)	(749)	(25,813)	(750)
Insurance contract liabilities		38,332	31,528	38,332	31,528
Retirement benefits		10	33	10	33
Insurance payables		24,757	3,329	24,757	3,329
Other payables		10,543	(7,526)	10,501	(12,315)
Cash generated from operating activities		28,482	15,958	30,185	12,052
Net interest received		23,774	26,790	6,568	17,324
Net dividend received		5,007	6,318	10,913	6,318
Rental received		363	357	363	357
Retirement benefits paid		(272)	(186)	(272)	(186)
Income tax paid		(7,331)	(8,917)	(7,331)	(8,917)
Net cash flows generated from operating activities		50,023	40,320	40,426	26,948

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Statements of cash flows

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

		Group		Company	
		2015	2014	2015	2014
	Note	RM'000	RM'000	RM'000	RM'000
		(Restated)		(Restated)	
Investing activities					
Purchases of AFS financial assets	7(d)	(855)	(35,393)	(855)	(38,555)
Proceeds from maturities/disposals of AFS financial assets	7(d)	5,885	134,758	5,885	134,758
Purchases of FVTPL financial assets	7(d)	(57,679)	(159,945)	(44,114)	(267,004)
Dividend reinvestment		-	-	(8,018)	-
Proceeds from maturities/disposals of FVTPL financial assets	7(d)	48,339	64,527	18,317	64,527
Movement in LAR		(24,230)	(137,619)	3,841	88,238
Proceeds from disposal of property and equipment		7	13,091	7	13,091
Purchase of property and equipment	3	(819)	(5,169)	(819)	(5,169)
Purchase of investment property	4	(103)	-	(103)	-
Purchase of intangibles	5	(586)	(1,451)	(586)	(1,451)
Net cash flows used in investing activities		(30,041)	(127,201)	(26,445)	(11,565)
Financing activities					
Cash received from non-controlling interests on units created		58,510	221,770	-	-
Cash paid to non-controlling interests on units cancelled		(49,052)	(116,408)	-	-
Dividends paid to owners of the parent		(11,001)	(13,002)	(11,001)	(13,002)
Dividends paid to non-controlling interests		(2,716)	(3,083)	-	-
Net cash flows (used in)/generated from financing activities		(4,259)	89,277	(11,001)	(13,002)
Net increase in cash and cash equivalents		15,723	2,396	2,980	2,381
Cash and cash equivalents at beginning of year		245,034	242,638	51,986	49,605
Cash and cash equivalents at end of year		260,757	245,034	54,966	51,986
Cash and cash equivalents comprise:					
Fixed and call deposits (with maturity of less than three months) with licensed financial institutions (Note 7(a))		252,078	236,618	46,296	43,590
Cash and bank balances		8,679	8,416	8,670	8,396
		260,757	245,034	54,966	51,986

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

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

1. Corporate information

The Company is engaged principally in the underwriting of all classes of general insurance business. The principal activities of the subsidiaries are set out in Note 7.

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

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The principal place of business of the Company is located at Level 9, Wisma Tune, No.19, Lorong Dungun, Damansara Heights, 50490 Kuala Lumpur.

The holding company is Tune Protect Group Berhad (formerly known as Tune Ins Holdings Berhad) ("TPG"), incorporated and domiciled in Malaysia. Tune Money Sdn Bhd ("TMSB"), a private limited liability company, incorporated and domiciled in Malaysia, has ceased to be the ultimate holding company with effect from 30 September 2014.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 24 March 2016.

2. Significant accounting policies

2.1 Basis of preparation

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

At the beginning of the current financial year, the Company had fully adopted the amended MFRSs as described fully in Note 2.4.

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

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2. Significant accounting policies (cont'd.)

2.1 Basis of preparation (cont'd.)

Financial assets and financial liabilities are offset and the net amount reported in the statements of financial position only when there is legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously. Income and expense will not be offset in the statements of comprehensive income unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Group and the Company.

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

2.2 Basis of consolidation

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2015. Control is achieved when the Group 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 Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

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

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- The Group's voting rights and potential voting rights.

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2. Significant accounting policies (cont'd.)

2.2 Basis of consolidation (cont'd.)

(a) Basis of consolidation (cont'd.)

The Group 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. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised as fair value.

(b) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group has an option to measure any non-controlling interests in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in management expenses.

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2. Significant accounting policies (cont'd.)

2.2 Basis of consolidation (cont'd.)

(b) Business combinations and goodwill (cont'd.)

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree. No reclassification of insurance contracts is required as part of the accounting for the business combination.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value as at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 139 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value recognised either in profit or loss or as a change to OCI. If the contingent consideration is not within the scope of MFRS 139, it is measured in accordance with the appropriate MFRS. Contingent consideration that is classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

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2. Significant accounting policies (cont'd.)

2.2 Basis of consolidation (cont'd.)

(b) Business combinations and goodwill (cont'd.)

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purposes of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed of in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

2.3 Summary of significant accounting policies

(a) Property and equipment

Property and equipment includes property occupied by the Group and the Company, renovations, furniture, fittings, office equipment, computers and motor vehicles. Freehold land is not depreciated and is carried at cost. Other property and equipment are stated at cost less accumulated depreciation and any impairment losses. Residual values, useful life and depreciation method are reviewed, and adjusted if appropriate, at each reporting date to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property and equipment. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.3(f).

The cost of an item of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition for its intended use. Expenditure incurred after items of property and equipment have been put into operation, such as repairs and maintenance, is charged to profit or loss in the period in which it is incurred. Subsequent costs are included in the assets' carrying amount, or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

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2. Significant accounting policies (cont'd.)

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

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

Depreciation of property and equipment other than freehold land is provided for on a straight-line basis to write off the cost of each asset to its residual value over its estimated useful life at the following annual rates:

Buildings	2%
Renovations	10%
Motor vehicles	20%
Furniture, fittings and office equipment	12% - 17%
Computers	25%

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Upon the disposal of a property and equipment, the difference between the net disposal proceeds and the net carrying amount is recognised in profit and loss.

(b) Assets held for sale

Non-current assets are classified as assets held for sale and stated at the lower of carrying amount and fair value less cost to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use.

(c) Intangible assets

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

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

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

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2. Significant accounting policies (cont'd.)

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

(d) Subsidiary

A subsidiary is an entity over which the Group has all the following:

- (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.

In the Company's separate financial statements, investments in subsidiaries are carried at fair value. On disposal of such investments, the difference between the net disposal proceeds and their carrying amounts is included in profit or loss.

(e) Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that are not significantly occupied by the Group and the Company, for use by, or in the operations of the Group and the Company, are classified as investment property. If an investment property becomes owner-occupied, it is reclassified to property and equipment at its carrying value on the date of transfer.

Investment property is initially measured at cost, including related transaction costs. Subsequent to initial recognition, the investment property is carried at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.3(f).

Depreciation is provided for on a straight-line basis over the estimated useful life of 50 years for the investment property. The residual values and useful lives of the investment property are reviewed, and adjusted if appropriate, at each reporting date.

Any gains or losses on the retirement or disposal of an investment property are recognised when it has been disposed off or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of retirement or disposal.

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2. Significant accounting policies (cont'd.)

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

(f) Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of loss.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs.

An asset's recoverable amount is the higher of an asset's or CGU fair value less costs to sell and its value in use. 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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

An impairment loss is recognised in profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for the same asset.

An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation), had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

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2. Significant accounting policies (cont'd.)

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

(g) Investments and financial assets

The Group and the Company classify their investments into financial assets at fair value through profit or loss ("FVTPL"), held-to-maturity ("HTM"), loans and other receivables ("LAR") and available-for-sale ("AFS") financial assets.

Financial assets are classified as FVTPL where the Group's and the Company's documented investment strategy is to manage financial assets on a fair value basis. The AFS and HTM categories are used when the relevant liability is passively managed and/or carried at amortised cost.

All regular way purchases and sales of financial assets are recognised on the trade date which is the date that the Group and the Company commit to purchase or sell the asset. Regular way purchases or sales of financial assets require delivery of assets within the period generally established by regulation or convention in the market place.

Financial assets at FVTPL

Financial assets at FVTPL include financial assets held-for-trading and those designated as FVTPL at inception. Investments typically bought with the intention to sell in the near future are classified as held-for-trading. For investments designated as FVTPL, the following must be met:

- the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on a different basis, or
- the assets and liabilities are part of a group of financial assets, financial liabilities or both which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

These investments are initially recorded at fair value. Subsequent to initial recognition these investments are measured at the fair value. Fair value adjustments and realised gains and losses are recognised in profit or loss.

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2. Significant accounting policies (cont'd.)

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

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

HTM financial assets

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as HTM when the Group and the Company have the positive intention and ability to hold until maturity. These investments are initially recognised at cost, being the fair value of the consideration paid for the acquisition of the investment. After initial measurement, HTM financial assets are measured at amortised cost, using the effective yield method, less provision for impairment. Gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

LAR

LAR are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These investments are initially recognised at cost, being the fair value of the consideration paid for the acquisition of the investment. All transaction costs directly attributable to the acquisition are also included in the cost of the investment. After initial measurement, loans and receivables are measured at amortised cost, using the effective yield method, less provision for impairment. Gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

AFS financial assets

AFS financial assets are non-derivative financial assets that are designated as AFS or are not classified in any of the three preceding categories. These investments are initially recorded at fair value.

After initial measurement, AFS financial assets are measured at fair value. Fair value gains and losses of monetary and non-monetary securities are reported as a separate component of equity until the investment is derecognised or investment is determined to be impaired. Fair value gains and losses of monetary securities denominated in a foreign currency are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security.

The Company's investment in a collective investment scheme, which is a subsidiary, is classified as AFS financial assets.

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

2. Significant accounting policies (cont'd.)

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

(h) Fair value measurement

The Group and the 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.

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

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group and the 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.

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2. Significant accounting policies (cont'd.)

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

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

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 the 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 period.

The fair value of financial instruments that are actively traded in organised financial markets is determined by reference to quoted market bid prices for assets at the close of business on the reporting date.

For investments in unit and property trusts and collective investment scheme, fair value is determined by reference to published bid values.

The fair values of floating rate over-night deposits with financial institutions is their carrying value. The carrying value is the cost of the deposit / placements.

The fair values of Malaysian Government Securities, Cagamas Papers and unquoted corporate bonds are determined by reference to Bond Pricing Agency Malaysia.

If the fair value cannot be measured reliably, these financial instruments are measured at cost, being the fair value of the consideration paid for the acquisition the instrument 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.

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2. Significant accounting policies (cont'd.)

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

(i) Impairment of financial assets

The Group and the Company assess at each reporting date whether a financial asset or group of financial assets is impaired.

Objective evidence that an investment security is impaired includes observable data about loss events like significant financial difficulty of the issuer or obligor; significant adverse changes in the business environment in which the issuer or obligor operates and the disappearance of an active market for that investment security because of financial difficulties which indicate that there is measurable decrease in the estimated future cash flows. However, it may not be possible to identify a single, discrete event that caused the impairment. Rather, the combined effect of several events is considered in determining whether an investment securities is impaired.

Assets carried at amortised cost

If there is objective evidence that an impairment loss on assets carried at amortised cost has been incurred, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate/yield. The carrying amount of the asset is reduced and the loss is recorded in profit or loss.

The Group and the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and the group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment. The impairment assessment is performed at each reporting date.

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2. Significant accounting policies (cont'd.)

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

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

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment is recognised in profit and loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

Assets carried at cost

If there is objective evidence that an impairment loss on an investment security carried at cost has been incurred, the amount of the loss is measured as the difference between the security carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for similar security. Such impairment losses are recognised in profit or loss and not reversed in subsequent periods.

AFS financial assets

If an AFS financial asset is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in other comprehensive income, is transferred from other comprehensive income to profit or loss. Reversals in respect of equity instruments classified as AFS are not recognised in profit or loss. Reversals of impairment losses on debt instruments classified as AFS are reversed through profit or loss if the increase in the fair value of the instruments can be objectively related to an event occurring after the impairment losses were recognised in profit or loss.

When assessing the impairment of an equity instrument, the Group and the Company consider, in addition to observable data about loss events, whether there is significant or prolonged decline in the fair value of the equity instrument, and whether the cost of the investment in the equity instrument may be recovered. Where there is evidence that the cost of the investment in the equity instrument may not be recovered, impairment loss is provided.

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2. Significant accounting policies (cont'd.)

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

(j) Derecognition of financial assets

A financial asset is derecognised when:

- the contractual right to receive cash flows from the financial asset has expired.
- the Group and the Company retain the contractual rights to receive cash flow from the asset but has assumed obligation to pay them in full without material delay to a third party.
- the Group and the Company have transferred its rights to receive cash flows from the asset and either:
 - (a) has transferred substantially all the risks and rewards of the asset, or
 - (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group and the Company have transferred its rights to receive cash flows from an asset 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 the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

(k) Equity instruments

Ordinary share capital

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

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2. Significant accounting policies (cont'd.)

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

(k) Equity instruments (cont'd.)

Dividends on ordinary shares

Final dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Company's shareholders. Interim dividends are deducted from equity when they are approved by the directors.

Dividends for the period that are approved after the reporting date are dealt with as an event after the reporting date.

(l) Product classification

The Company currently only issues contracts that transfer insurance risk.

Insurance contracts are those contracts that transfer significant insurance risk. An insurance contract is a contract under which the Company (the insurer) has accepted significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. As a general guideline, the Company determines whether it has significant insurance risk, by comparing claims paid with claims payable if the insured event did not occur.

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 the period, unless all rights and obligations are extinguished or expired.

When insurance contracts contain both a financial risk component and a significant insurance risk component and the cash flows from the two components are distinct and can be measured reliably, the underlying amounts are unbundled. Any premiums relating to the insurance risk component are accounted for on the same bases as insurance contracts and the remaining element is accounted for as a deposit through the statements of financial position similar to investment contracts.

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

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2. Significant accounting policies (cont'd.)

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

(m) Reinsurance

The Group and the Company assumes reinsurance risk in the normal course of business for general 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 expire 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.

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 the Company from its obligations to policyholders. Premiums and claims are presented on 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 is recognised when there is objective evidence as a result of an event that occurs after initial recognition of the reinsurance asset that the Group and the Company may not receive all outstanding amounts due under the terms of contract and the event has a reliably measurable impact on the amounts that the Group and the Company will receive from the reinsurer. The impairment loss is recorded in profit or loss.

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2. Significant accounting policies (cont'd.)

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

(n) General insurance underwriting results

The general reinsurance underwriting results are determined after taking into account premiums, movements in premium liabilities and claims liabilities and commissions.

(i) Gross premiums

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

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

Inward treaty reinsurance premiums comprise both proportional and non-proportional treaties. In respect of reinsurance premiums relating to proportional treaties, it is recognised on the basis of periodic advices received from the cedants given that the periodic advices reflect the individual underlying risks being incepted and reinsured at various inception dates of these risks and contractually accounted for, as such to reinsurers under the terms of the proportional treaties. In respect of reinsurance premiums relating to non-proportional treaties which cover losses occurring during a specified treaty period, the inwards treaty reinsurance premiums are recognised based on the contractual premiums already established at the start of the treaty period under the non-proportional treaty contract.

(ii) Premium liabilities

Premium liabilities represent the insurance subsidiary's future obligations on insurance contracts as represented by premiums received for risks that have not yet expired. The movement in premium liabilities is released over the term of the insurance contracts and is recognised as premium income.

Premium liabilities are reported at the higher of the aggregate of the unearned premium reserves ("UPR") for all lines of business or the best estimate value of the re/insurance subsidiary's unexpired risk reserves ("URR") at the end of the financial period and PRAD calculated at 75% confidence level at the overall level for the insurance subsidiary.

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2. Significant accounting policies (cont'd.)

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

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

(ii) Premium liabilities (cont'd.)

(a) Unexpired risk reserves

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

URR is estimated via an actuarial valuation performed by a qualified actuary, using a mathematical method of estimation similar to incurred but not reported claims ("IBNR").

(b) Unearned premium reserves

UPR represents the portion of the net premiums of insurance policies written that relate to the unexpired periods of the policies at the end of the financial period.

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

- 25% method for marine, aviation cargo and transit business.
- 1/24th method for all other classes of Malaysian policies reduced by the corresponding percentage of accounted gross direct business commissions and agency-related expenses not exceeding the limits specified by BNM as follows:

Motor	10%
Fire, engineering, aviation and marine hull	15%
Medical and health	
- Standalone individuals	15%
- Group of 3 or more	10%
Workmen's compensation and employers' liability	
- Foreign workers	10%
- Other workers	25%
- Employers' Liability	25%
Other classes	25%

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2. Significant accounting policies (cont'd.)

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

(n) General reinsurance underwriting results (cont'd.)

(ii) Premium liabilities (cont'd.)

(b) Unearned premium reserves (cont'd.)

- 1/8th method for all other classes of overseas inward treaty business with a deduction of 20% for commission.
- Non-annual policies are time apportioned over the period of the risks.

(iii) Claims liabilities

Claim liabilities are recognised as the obligation to make future payments in relation to all claims that have been incurred as at the end of the financial year. The value is the best estimate value of claim liabilities which includes provision for claims reported, claims incurred but not enough reserved ("IBNER"), claims incurred but not reported ("IBNR") and direct and indirect claim-related expenses as well as the provision of risk margin for adverse deviation ("PRAD") at 75% confidence level calculated at the overall level. These are based on an actuarial valuation by a qualified actuary, using a mathematical method of estimation based on, among others, actual claims development pattern.

(iv) Liability adequacy test

At each reporting date, the Group and the Company review all insurance contract liabilities to ensure that the carrying amount of the liabilities is sufficient or adequate to cover the obligations of the Group and the Company, contractual or otherwise, with respect to insurance contracts issued. In performing this review, the Group and the Company compare all contractual cash flows against the carrying value of insurance contract liabilities. Any deficiency is recognised in profit or loss.

The estimation of claim and premium liabilities performed at reporting date is part of the liability adequacy tests performed by the Group and the Company. Based on this, all insurance contract liabilities as at the reporting date are deemed to be adequate.

2. Significant accounting policies (cont'd.)

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

(n) General reinsurance underwriting results (cont'd.)

(v) Acquisition cost

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

(o) 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 the effective yield method.

If there is objective evidence that the insurance receivable is impaired, the Group and the Company reduce the carrying amount of the insurance receivable accordingly and recognises that impairment loss in profit or loss. The Group and the 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 2.3(i).

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

(p) 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 interest rate method.

Derecognition of insurance payables

Insurance payables are derecognised when the obligation under the liabilities is settled, cancelled or expired.

2. Significant accounting policies (cont'd.)

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

(q) Other revenue recognition

Other revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the Company and the revenue can be reliably measured.

Rental income

Rental income is recognised on an accrual basis in accordance with the substance of the relevant agreements.

Interest income

Interest income is recognised using the effective interest method.

Dividend income

Dividend income represents gross dividends and is recognised on a declared basis when the shareholder's right to receive payment is established.

Realised gain and losses on investments

Realised gains and losses recorded in profit or loss on investments include gains and losses on financial assets. Gains and losses on the sale of investments are calculated as the difference between net sales proceeds and the original, revalued or amortised cost and are recorded on occurrence of the sale transaction.

Commission income

Commission income derived from reinsurers in the course of ceding of premiums to reinsurers are charged to profit or loss in the period in which they are incurred.

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2. Significant accounting policies (cont'd.)

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

(r) Income tax

Income tax on the profit or loss for the period comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit and surplus for the period and is measured using the tax rates that have been enacted at the reporting date.

Deferred tax is provided for using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised as income or an expense and included in profit or loss for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity.

(s) Provisions

Provisions are recognised when the Group and the 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 correct best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflect, 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.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

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2. Significant accounting policies (cont'd.)

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

(t) Employee benefits

Short-term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the period in which the associated services are rendered by employees. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in profit or loss as incurred. As required by law, the Company makes such contributions to the Employees Provident Fund ("EPF").

Staff retirement benefits

Provision for retirement benefits is made for all eligible staff in the Company from the date of employment under an unfunded defined contribution plan. For eligible executive staff, gratuity is calculated based on the last drawn monthly salary of an employee multiplied by years of service up to a maximum of 15 years. For eligible clerical staff, an additional 3% over and above the Company's monthly statutory EPF contribution is provided. The staff will be entitled to this gratuity upon completion of 5 years of service in the Company.

Other staff are entitled to additional EPF contribution between 1% to 5% over the Company's monthly statutory EPF contribution rate after completion of 1 year of service. This benefit is charged to profit or loss as incurred.

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2. Significant accounting policies (cont'd.)

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

(t) Employee benefits (cont'd.)

Share-based Compensation

Employees' share option scheme ("ESOS")

The ESOS is an equity-settled share-based compensation plan that allows the directors and employees of the Company to acquire shares of Tune Protect Group Berhad (formerly known as Tune Ins Holdings Berhad). The total fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in the amount due to Tune Protect Group Berhad (formerly known as Tune Ins Holdings Berhad) over the vesting period and taking into account the probability that the options will vest. The fair value of share options is measured at grant date, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date.

At each reporting date, Tune Protect Group Berhad (formerly known as Tune Ins Holdings Berhad) revises its estimates of the number of options that are expected to become exercisable over the vesting period.

(u) Foreign currencies

(i) Functional and presentation currency

The financial statements of the Group and the Company are recorded using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

(ii) Foreign currency transactions

In preparing the financial statements of the Group and the Company, transactions in currencies other than the Group and the Company's functional currencies are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

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2. Significant accounting policies (cont'd.)

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

(u) Foreign currencies (cont'd.)

(ii) Foreign currency transactions (cont'd.)

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(v) Other financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

All financial liabilities of the Group and the Company, comprising insurance payables, retirement benefits and other payables, except for those covered under MFRS 4, are classified as other financial liabilities.

Insurance payables, retirement benefits and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When 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, and the difference in the respective carrying amounts is recognised in profit or loss.

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2. Significant accounting policies (cont'd.)

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

(w) Cash and cash equivalents

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

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

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

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

2.4 Changes in accounting policies and disclosures

(a) Amended standards

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

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

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

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

(b) Reclassification of cash and cash equivalents

Investments related cash flow activities were previously included as part of cash flows from operating activities in the statement of cash flows of the Group and the Company. However, for the current year presentation, these investments related cash flow activities are presented as part of cash flows from investing activities.

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2. Significant accounting policies (cont'd.)

2.4 Changes in accounting policies and disclosures (cont'd.)

(b) Reclassification of cash and cash equivalents (cont'd.)

Investments related cash flow activities included the followings:

	Group RM'000	Company RM'000
Purchases of AFS financial assets	(35,393)	(38,555)
Proceeds from maturities/disposals of AFS financial assets	134,758	134,758
Purchases of FVTPL financial assets	(159,945)	(267,004)
Proceeds from maturities/disposals of FVTPL financial assets	64,527	64,527
Movement in LAR	(137,619)	88,238
	<u>(133,672)</u>	<u>(18,036)</u>

Reconciliation of statement of cash flows of the Group and the Company:

	As previously stated RM'000	Reclassi- fication RM'000	As restated RM'000
Group			
Cash used in operating activities	(117,714)	133,672	15,958
Net cash flow generated from operating activities	(93,352)	133,672	40,320
Net cash used in investing activities	<u>6,471</u>	<u>(133,672)</u>	<u>(127,201)</u>
Company			
Cash used in operating activities	(5,984)	18,036	12,052
Net cash flow generated from operating activities	8,912	18,036	26,948
Net cash used in investing activities	<u>6,471</u>	<u>(18,036)</u>	<u>(11,565)</u>

The above reclassification does not have any impact on the cash and cash equivalents, financial position, results and notes to the financial statements of the Group and the Company.

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2. Significant accounting policies (cont'd.)

2.5 Standards issued but not yet effective

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

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

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

MFRS 9 Financial Instruments

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

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2. Significant accounting policies (cont'd.)

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

MFRS 9 Financial Instruments (cont'd.)

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

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;
- 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.

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

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2. Significant accounting policies (cont'd.)

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

MFRS 9 Financial Instruments (cont'd.)

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 the Company will be generally required to recognise either a 12-month or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition. The ECL model will apply to financial assets measured at amortised cost or at FVOCI, irrevocable loan commitments and financial guarantee contracts, which will include loans, advances and financing and debt instruments held by the Group and the Company. MFRS 9 will change the Group's and the Company's current methodology for calculating allowances for impairment, in particular for individual and collective assessment and provisioning.

Hedge accounting

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

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

The Group and the Company are in the process of assessing the financial implications for adopting the new standard.

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2. Significant accounting policies (cont'd.)

2.6 Significant accounting judgements, estimates and assumptions

(a) Critical judgements made in applying accounting policies

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's and the Company's accounting policies. These are areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

The Group and the Company make estimates and assumptions concerning the future. The resulting accounting estimates, by definition, may cause material adjustments to the carrying amounts of assets and liabilities within the next financial period such as those discussed below:

(i) *Deferred tax assets (Note 11)*

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

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2. Significant accounting policies (cont'd.)

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

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

(ii) *Income taxes (Note 27)*

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

(iii) *Property and equipment and investment property (Notes 3 and 4)*

The Group is required to review of the residual value and remaining useful life of an item of property and equipment and investment property at least at each financial period end.

Management estimates that the residual values and remaining useful lives are applicable for the current financial period.

(iv) *Consolidation of investment in a collective investment schemes, Libra Money EXTRA Fund II, Affin Hwang Income Fund I and AmCash Institutional 9 (Note 7)*

Note 7(e) describes that Libra Money EXTRA Fund II, Affin Hwang Income Fund I and AmCash Institutional 9 are subsidiaries of the Group.

The directors of the Company assessed whether or not the Group has control over Libra Money EXTRA Fund II, Affin Hwang Income Fund I and AmCash Institutional 9 based on whether the Group has the power to direct relevant activities and has exposure or rights to variable returns of Libra Money EXTRA Fund II, Affin Hwang Income Fund I and AmCash Institutional 9. In making their judgment, the directors considered the Group's absolute size of holding in Libra Money EXTRA Fund II, Affin Hwang Income Fund I and AmCash Institutional 9 and the power to convene a special meeting to remove the trustee or the fund manager without any specific reason.

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2. Significant accounting policies (cont'd.)

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

(b) Key sources of estimation uncertainty and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below.

(i) *Valuation of general insurance contract liabilities (Note 14)*

For general insurance contracts, estimates have to be made for both the expected ultimate cost of claims reported at the reporting date and for the expected ultimate cost of IBNR claims.

It can take a significant period of time before the ultimate claims costs can be established with certainty and for some type of policies, IBNR claims form the majority of the liability at the reporting date. The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as the Link Ratios.

The main assumption underlying these techniques is that the Group's and the Company's past claims development experience can be used to project future claims development and hence, ultimate claims costs. As such, these methods extrapolate the development of paid and incurred losses, average costs per claim and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years, but can also be further analysed by geographical areas, as well as by significant business lines and claims type.

Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historic claims development data on which the projections are based. Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (for example, to reflect once-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, level of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking account of all the uncertainties involved.

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2. Significant accounting policies (cont'd.)

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

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

(ii) *Uncertainty in accounting estimates for general insurance business*
(Note 14)

The principal uncertainty in the Group's and the Company's general insurance business arises from the technical provisions which include the premium liabilities and claim liabilities. The premium liabilities comprise unearned premium reserves, unexpired risk reserves and provision for risk margin for adverse deviation while claim liabilities comprise provision for outstanding claims, IBNR and direct and indirect claim-related expenses as well as the PRAD at 75% confidence level.

Generally, premium and claim liabilities are determined based upon previous claims experience, existing knowledge of events, the terms and conditions of the relevant policies and interpretation of circumstances. Particularly relevant is past experience with similar cases, historical claims development trends, legislative changes, judicial decisions and economic conditions. It is certain that actual future premiums and claims liabilities will not exactly develop as projected and may vary from the Group's and the Company's projections.

The estimates of premium and claim liabilities are therefore sensitive to various factors and uncertainties. The establishment of technical provisions is an inherently uncertain process and, as a consequence of this uncertainty, the eventual settlement of premiums and claims liabilities may vary from the initial estimates.

There may be significant reporting lags between the occurrence of an insured event and the time it is actually reported to the Group and the Company. Following the identification and notification of an insured loss, there may still be uncertainty as to the magnitude of the claim.

There are many factors that will determine the level of uncertainty such as inflation, inconsistent judicial interpretations, legislative changes and claims handling procedures.

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

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3. Property and equipment

Group and Company	Properties					Motor vehicles RM'000	Furniture, fittings, office equipment and computers RM'000	Total RM'000
	Freehold land RM'000	Leasehold land RM'000	Buildings on Freehold land RM'000	Buildings on Leasehold land RM'000	Renovation RM'000			
Cost								
At 1 January 2014	-	567	-	168	2,558	467	17,697	21,457
Additions	-	-	-	-	1,048	-	4,121	5,169
Disposals	-	-	-	-	(1,979)	(62)	(4,997)	(7,038)
At 31 December 2014	-	567	-	168	1,627	405	16,821	19,588
Additions	-	-	-	-	18	-	801	819
Disposals	-	-	-	-	(76)	-	(350)	(426)
At 31 December 2015	-	567	-	168	1,569	405	17,272	19,981

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3. Property and equipment (cont'd.)

Group and Company	Properties					Motor vehicles RM'000	Renovation RM'000	Furniture, fittings, office equipment and computers RM'000	Total RM'000
	Freehold land RM'000	Leasehold land RM'000	Buildings on Freehold land RM'000	Buildings on Leasehold land RM'000					
Accumulated depreciation and impairment loss									
At 1 January 2014	-	230	-	63		355	2,127	16,353	19,128
Charge for the year	-	(49)	-	(9)		36	154	1,134	1,266
Disposals	-	-	-	-		(62)	(1,923)	(4,678)	(6,663)
At 31 December 2014	-	181	-	54		329	358	12,809	13,731
Charge for the year	-	11	-	3		36	156	1,291	1,497
Disposals	-	-	-	-		-	(26)	(293)	(319)
At 31 December 2015	-	192	-	57		365	488	13,807	14,909
Net carrying amount									
At 31 December 2014	-	386	-	114		76	1,269	4,012	5,857
At 31 December 2015	-	375	-	111		40	1,081	3,465	5,072

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4. Investment property

Group and Company	2015 RM'000	2014 RM'000
Freehold land and building:		
Cost		
At 1 January	2,665	2,665
Addition for the year	103	-
At 31 December	<u>2,768</u>	<u>2,665</u>
Accumulated depreciation		
At 1 January	313	292
Charge for the year	22	21
At 31 December	<u>335</u>	<u>313</u>
Net carrying amount	<u>2,433</u>	<u>2,352</u>
Fair value	<u>2,850</u>	<u>2,825</u>

The fair value is determined based on the discounted cash flow of the expected rental income from the investment property, which has been estimated using a valuation technique based on certain assumptions of rental income and discount rate. Management believes the estimated fair value resulting from the valuation technique are reasonable and the most appropriate at the reporting date.

	2015 RM'000	2014 RM'000
Rental income derived from investment properties	384	380
Direct operating expenses (including repairs and maintenance) generating rental income	(21)	(23)
Profit arising from investment properties	<u>363</u>	<u>357</u>

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

Fair value hierarchy disclosures for investment properties have been provided in Note 38.

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5. Intangible assets

Group and Company	2015 RM'000	2014 RM'000
Computer software		
Cost		
At 1 January	4,835	3,384
Additions	586	1,451
At 31 December	<u>5,421</u>	<u>4,835</u>
Accumulated amortisation		
At 1 January	3,154	2,439
Amortisation	816	715
At 31 December	<u>3,970</u>	<u>3,154</u>
Net carrying amount	<u>1,451</u>	<u>1,681</u>

6. Investment in subsidiary

A former subsidiary company, Capital OCA Berhad, had been struck off and deemed dissolved following the publication of the notice of striking off company name pursuant to Section 308(4) of the Companies Act, 1965 in the Gazette on 30 October 2014.

The strike off exercise did not give rise to any significant effects on the financial position and performance of the Group and the Company.

Refer to Note 7(e) for collective investment schemes classified as subsidiaries of the Company.

7. Investments

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Debt securities	119,216	114,317	24,548	25,071
Equity securities	-	12,791	-	12,791
Investments in subsidiaries:				
Collective investment schemes	-	-	334,593	303,474
Unit and property trust funds	23,895	13,397	23,895	13,397
Loans	445	505	445	505
Deposits with licensed financial institutions	444,065	404,314	75,929	77,004
	<u>587,621</u>	<u>545,324</u>	<u>459,410</u>	<u>432,242</u>

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7. Investments (cont'd.)

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

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
LAR (Note (a))	444,510	404,819	76,374	77,509
AFS financial assets (Note (b))	38,394	44,727	148,745	150,961
FVTPL financial assets (Note (c))	104,717	95,778	234,291	203,772

(a) LAR

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
At amortised cost:				
Fixed and call deposits with licensed financial institutions	444,065	404,314	75,929	77,004
Loans receivable:				
Staff mortgage loans	435	495	435	495
Other staff loans:				
Unsecured	10	10	10	10
	445	505	445	505
	<u>444,510</u>	<u>404,819</u>	<u>76,374</u>	<u>77,509</u>

Included in fixed and call deposits with licensed financial institutions of the Group and the Company are short term deposits with original maturity periods of less than 3 months amounting to RM252,078,000 (2014: RM236,618,000) and RM46,296,000 (2014: RM43,590,000) respectively, which have been classified as cash and cash equivalents for the purpose of the statements of cash flows.

The carrying value of the fixed and call deposits approximates fair value due to the relatively short term maturities.

The carrying value of the staff mortgage loans and other staff loans are reasonable approximations of fair value due to the insignificant impact of discounting.

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7. Investments (cont'd.)

(b) AFS financial assets

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
At fair value:				
Equity securities:				
Quoted in Malaysia	-	6,259	-	6,259
Investments in subsidiaries:				
Collective investment schemes				
Quoted in Malaysia	-	-	110,351	106,234
Unit and property trust funds:				
Quoted in Malaysia	13,846	13,397	13,846	13,397
Debt securities:				
Unquoted in Malaysia	24,548	25,071	24,548	25,071
	<u>38,394</u>	<u>44,727</u>	<u>148,745</u>	<u>150,961</u>

(c) FVTPL financial assets

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
At fair value:				
Equity securities:				
Quoted in Malaysia	-	6,532	-	6,532
Investments in subsidiaries:				
Collective investment schemes				
Quoted in Malaysia	-	-	224,242	197,240
Unit and property trust funds:				
Quoted in Malaysia	10,049	-	10,049	-
Debt securities:				
Unquoted in Malaysia	94,668	89,246	-	-
	<u>104,717</u>	<u>95,778</u>	<u>234,291</u>	<u>203,772</u>

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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 January 2014	264,051	146,248	-	410,299
Purchases	1,933,200	35,393	159,945	2,128,538
Maturities/disposals	(1,792,432)	(134,758)	(64,527)	(1,991,717)
Fair value (losses)/gains recorded in:				
Other comprehensive income	-	(855)	-	(855)
Profit or loss	-	-	360	360
Realised gains transferred to profit or loss	-	(1,677)	-	(1,677)
Impairment loss of quoted equity securities	-	506	-	506
Amortisation of premiums	-	(130)	-	(130)
At 31 December 2014	404,819	44,727	95,778	545,324
At 1 January 2015	404,819	44,727	95,778	545,324
Purchases	2,004,165	855	57,679	2,062,699
Maturities/disposals	(1,964,474)	(5,885)	(48,339)	(2,018,698)
Fair value losses recorded in:				
Other comprehensive income	-	(1,000)	-	(1,000)
Profit or loss	-	-	(416)	(416)
Realised gains recorded in profit or loss	-	-	15	15
Realised gains transferred to profit or loss	-	(305)	-	(305)
Accretion of discounts	-	2	-	2
At 31 December 2015	444,510	38,394	104,717	587,621

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7. Investments (cont'd.)

(d) Carrying values of financial instruments

Company	LAR RM'000	AFS RM'000	FVTPL RM'000	Total RM'000
At 1 January 2014	162,598	248,936	-	411,534
Purchases	1,707,343	38,555	267,004	2,012,902
Maturities/disposals	(1,792,432)	(134,758)	(64,527)	(1,991,717)
Fair value (losses)/gains recorded in:				
Other comprehensive income	-	(471)	-	(471)
Profit or loss	-	-	1,295	1,295
Realised gains transferred to profit or loss	-	(1,677)	-	(1,677)
Impairment loss of quoted equity securities	-	506	-	506
Amortisation of premiums	-	(130)	-	(130)
At 31 December 2014	<u>77,509</u>	<u>150,961</u>	<u>203,772</u>	<u>432,242</u>
At 1 January 2015	77,509	150,961	203,772	432,242
Purchases	1,036,998	855	44,114	1,081,967
Dividend reinvestment	-	3,799	4,219	8,018
Maturities/disposals	(1,038,133)	(5,885)	(18,317)	(1,062,335)
Fair value losses recorded in:				
Other comprehensive income	-	(682)	-	(682)
Profit or loss	-	-	503	503
Realised gains recorded in profit or loss	-	(305)	-	(305)
Accretion of discounts	-	2	-	2
At 31 December 2015	<u>76,374</u>	<u>148,745</u>	<u>234,291</u>	<u>459,410</u>

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7. Investments (cont'd.)

(d) Average effective interest rates

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

	Group		Company	
	2015	2014	2015	2014
	%	%	%	%
Debt securities	4.73	4.72	4.71	4.71
Loans	5.00	5.00	5.00	5.00
Deposits with licensed financial institutions	4.40	3.86	3.71	3.45

(e) Investments in subsidiaries - collective investment schemes

	Company	
	2015	2014
	RM'000	RM'000
At fair value:		
Collective investment schemes		
Quoted in Malaysia		
AFS financial assets	110,351	106,234
FVTPL financial assets	224,242	197,240
	<u>334,593</u>	<u>303,474</u>

Details of investments in collective investment schemes are as follows:

Name of Company	Principal activities	Registered in	% of ownership interest held by the Group	
			2015	2014
			%	%
Libra MoneyEXTRA Fund II	Investment in money market	Malaysia	55.0%	56.5%
Affin Hwang Income Fund I	Investment in fixed income securities and money market	Malaysia	100.0%	100.0%

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7. Investments (cont'd.)

(e) Investments in subsidiaries - collective investment schemes (cont'd.)

Name of Company	Principal activities	Registered in	% of ownership interest held by the Group	
			2015 %	2014 %
AmCash Institutional 9	Investment in money market	Malaysia	74.9%	76.2%

8. Reinsurance assets

Group and Company	2015 RM'000	2014 RM'000
Claims liabilities (Note 15)	173,409	185,339
Premium liabilities (Note 18)	74,717	72,176
	<u>248,126</u>	<u>257,515</u>

9. Insurance receivables

Group and Company	2015 RM'000	2014 RM'000
Due premiums including agents, brokers and co-insurers balances	83,655	62,668
Due from reinsurers and cedants	36,670	25,413
	<u>120,325</u>	<u>88,081</u>
Accumulated impairment loss	(13,008)	(17,062)
	<u>107,317</u>	<u>71,019</u>

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9. Insurance receivables (cont'd.)

Movements in the provision for impairment of insurance receivables:

Group and Company	Individually impaired RM'000	Collecti- vely impaired RM'000	Total RM'000
At 1 January 2014	1,408	17,814	19,222
Written off	-	(2,423)	(2,423)
Allowance/(reversal of allowance) for impairment losses	752	(489)	263
At 31 December 2014	<u>2,160</u>	<u>14,902</u>	<u>17,062</u>
At 1 January 2015	2,160	14,902	17,062
Written off	-	(942)	(942)
Allowance/(reversal of allowance) for impairment losses	154	(3,266)	(3,112)
At 31 December 2015	<u>2,314</u>	<u>10,694</u>	<u>13,008</u>

The carrying amounts of insurance receivables above approximate their respective fair values due to the relatively short-term maturity of these balances.

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Income due and accrued	1,947	1,681	941	839
Assets held under the Malaysian Motor Insurance Pool ("MMIP" or "the Pool")*	73,189	63,802	73,189	63,802
Malaysian Institute of Insurance ("MII") bonds	260	260	260	260
Other receivables	22,688	2,769	20,707	2,769
	<u>98,084</u>	<u>68,512</u>	<u>95,097</u>	<u>67,670</u>

The carrying amounts disclosed above approximate their fair values at the reporting date due to the relatively short-term maturity of these balances.

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10. Other receivables (cont'd.)

- * As a participating member of MMIP, the Company shares a proportion of the Pool's net assets/liabilities. At each reporting date, the Company accounts for its share of the assets, liabilities and performance of the Pool. The net assets held under MMIP represents the Company's share of the Pool's net assets, before insurance contract liabilities. The Company's share of the Pool's insurance contract liabilities arising from its participation in the Pool is disclosed in Note 14.

The net assets held under MMIP of the Group and the Company includes cash contribution of RM34,359,477 (2014: RM27,347,901) made to MMIP, following additional cash calls of RM7,011,576 (2014: RM9,358,767) made to the Pool during the current financial year. The cash contributions were made in respect of the Company's share of MMIP's accumulated losses up to 31 December 2014.

11. Deferred tax assets/(liabilities)

Group and Company	2015 RM'000	2014 RM'000
At 1 January	1,007	6
Recognised in:		
Profit or loss (Note 27)	(1,112)	167
Other comprehensive income	396	834
At 31 December	<u>291</u>	<u>1,007</u>

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.

Group and Company	2015 RM'000	2014 RM'000
Presented after appropriate offsetting as follows:		
Deferred tax assets	696	1,341
Deferred tax liabilities	(405)	(334)
	<u>291</u>	<u>1,007</u>

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11. Deferred tax assets/(liabilities) (cont'd.)

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

Group and Company	Accelerated capital allowance on property and equipment RM'000	Fair value of financial assets RM'000	Premium liabilities RM'000	Provisions RM'000	Total RM'000
At 1 January 2014	(446)	(230)	362	320	6
Recognised in:					
Profit or loss (Note 27)	112	-	(285)	340	167
Other comprehensive income	-	834	-	-	834
At 31 December 2014	(334)	604	77	660	1,007
Recognised in:					
Profit or loss (Note 27)	(37)	(888)	(111)	(76)	(1,112)
Other comprehensive income	-	396	-	-	396
At 31 December 2015	(371)	112	(34)	584	291

12. Share capital

Company	Number of ordinary shares of RM1 each		Amount	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Authorised:				
At beginning and end of year	200,000	200,000	200,000	200,000
Issued and fully paid:				
At beginning and end of year	100,013	100,013	100,013	100,013

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

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13. Non-controlling interests

Group	2015 RM'000	2014 RM'000
At beginning of year	113,782	-
Share of profit for the year	4,293	3,072
Additional non-controlling interests arising from dilution in equity interest in Libra Money EXTRA Fund II and AmCash Institutional 9	15,659	113,793
Dividend/distribution paid	(2,716)	(3,083)
At end of year	<u>131,018</u>	<u>113,782</u>

Financial information of subsidiaries that have material non-controlling interests are provided below:

Proportion of equity interest held by non-controlling interests:

Name of subsidiaries	Country of incorporation and operation	2015 %	2014 %
Libra Money EXTRA Fund II	Malaysia	45.0	43.5
AmCash Institutional 9	Malaysia	25.1	23.8
		2015 RM'000	2014 RM'000

Accumulated balances of non-controlling interests:

Libra Money EXTRA Fund II	90,255	81,865
AmCash Institutional 9	40,763	31,917
	<u>131,018</u>	<u>113,782</u>

Profit allocated to non-controlling interests:

Libra Money EXTRA Fund II	2,896	2,895
AmCash Institutional 9	1,397	177
	<u>4,293</u>	<u>3,072</u>

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13. Non-controlling interests (cont'd.)

The summarised financial information of these subsidiaries are provided below. This information is based on amounts before inter-company eliminations.

	Libra Money EXTRA Fund II		AmCash Institutional 9	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Summarised statement of comprehensive income:				
Investment income	7,465	6,863	5,817	2,530
Management expenses	(401)	(426)	(251)	(115)
Profit before taxation	7,064	6,437	5,566	2,415
Taxation	-	-	-	-
Net profit for the year, representing total comprehensive profit for the year	7,064	6,437	5,566	2,415
Attributable to non-controlling interests	2,896	2,895	1,397	177
Dividends paid to non-controlling interests	(2,716)	(2,870)	-	(213)
Summarised statement of financial position as at 31 December:				
Investments	199,635	187,289	162,354	134,282
Other receivables	1,006	842	-	-
Cash and bank balances	4	1	-	2
Other payables	(44)	(39)	(30)	(25)
Total equity	200,601	188,093	162,324	134,259
Attributable to:				
Equity holders of parent	110,346	106,228	121,561	102,342
Non-controlling interest	90,255	81,865	40,763	31,917
	200,601	188,093	162,324	134,259

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13. Non-controlling interests (cont'd.)

The summarised financial information of these subsidiaries are provided below. This information is based on amounts before inter-company eliminations. (cont'd.)

	Libra Money		AmCash Institutional 9	
	EXTRA Fund II			
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Summarised cash flow information for year ended 31 December:				
Investing activities	-	-	(28,072)	-
Financing activities	5,442	78,969	22,500	131,844
Net increase in cash and cash equivalents	5,442	78,969	(5,572)	131,844

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14. Insurance contract liabilities

Group and Company	Note	2015			2014		
		Gross RM'000	Reinsu- rance RM'000	Net RM'000	Gross RM'000	Reinsu- rance RM'000	Net RM'000
Provision for claims reported by policyholders		279,253	(122,548)	156,705	262,628	(121,763)	140,865
Provision for IBNR claims and PRAD		117,500	(50,861)	66,639	115,766	(63,576)	52,190
Claims liabilities	(i)	396,753	(173,409)	223,344	378,394	(185,339)	193,055
Premium liabilities	(ii)	167,386	(74,717)	92,669	147,413	(72,176)	75,237
		<u>564,139</u>	<u>(248,126)</u>	<u>316,013</u>	<u>525,807</u>	<u>(257,515)</u>	<u>268,292</u>
(i) Claims liabilities							
At 1 January		378,394	(185,339)	193,055	360,813	(184,588)	176,225
Claims incurred in the current accident year		256,297	(97,728)	158,569	246,130	(101,328)	144,802
Adjustment to claims incurred in prior accident years due to changes in assumptions		(76,137)	35,402	(40,735)	(78,549)	38,244	(40,305)
Claims paid during the year (Note 25)		(161,801)	74,256	(87,545)	(150,000)	62,333	(87,667)
At 31 December		<u>396,753</u>	<u>(173,409)</u>	<u>223,344</u>	<u>378,394</u>	<u>(185,339)</u>	<u>193,055</u>

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14. Insurance contract liabilities (cont'd.)

Group and Company (cont'd.)	2015		2014	
	Gross RM'000	Reinsu- rance RM'000	Gross RM'000	Reinsu- rance RM'000
		Net RM'000		Net RM'000
(ii) Premium liabilities				
At 1 January	147,413	(72,176)	133,466	(67,166)
Premiums written in the year (Note 20)	414,179	(216,846)	380,019	(211,100)
Premiums earned during the year	(394,206)	214,305	(366,072)	206,090
At 31 December	167,386	(74,717)	147,413	(72,176)
		92,669		75,237

As at 31 December 2015, the insurance contract liabilities above includes the Company's share of MMIP's claims and premium liabilities amounting to RM67,673,000 (2014: RM61,143,000) and RM7,649,000 (2014: RM10,471,000).

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15. Retirement benefits

Group and Company	2015 RM'000	2014 RM'000
At 1 January	792	945
Provision for the year	10	33
	<u>802</u>	<u>978</u>
Payments during the year	(272)	(186)
At 31 December	<u>530</u>	<u>792</u>
Amount payable after 12 months	<u>507</u>	<u>782</u>

16. Insurance payables

Group and Company	2015 RM'000	2014 RM'000
Due to agents, brokers, co-insurers and insureds	29,406	27,371
Due to reinsurers and cedants	77,746	55,024
	<u>107,152</u>	<u>82,395</u>

The carrying amounts disclosed above approximate their fair values at the reporting date due to the relatively short-term maturity of these balances.

17. Other payables

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Financial liabilities:				
Claims payable	5,585	4,199	5,585	4,199
Reinsurance deposits	9,215	6,035	9,215	6,035
Others	25,118	10,896	24,929	10,734
	<u>39,918</u>	<u>21,130</u>	<u>39,729</u>	<u>20,968</u>
Non-financial liabilities:				
Accrued expenses	1,281	9,541	1,281	9,541
	<u>41,199</u>	<u>30,671</u>	<u>41,010</u>	<u>30,509</u>

The carrying amounts disclosed above approximate their fair values at the reporting date due to the relatively short-term maturity of these balances.

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18. Operating revenue

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Gross earned premiums (Note 19)	394,206	366,072	394,206	366,072
Investment income (Note 20)	26,415	26,721	19,155	21,446
	<u>420,621</u>	<u>392,793</u>	<u>413,361</u>	<u>387,518</u>

19. Net earned premiums

Group and Company	2015	2014
	RM'000	RM'000
(a) Gross earned premiums		
Gross written premiums	414,179	380,019
Change in premium liabilities	<u>(19,973)</u>	<u>(13,947)</u>
	<u>394,206</u>	<u>366,072</u>
(b) Premiums ceded to reinsurers		
Gross premiums ceded to reinsurers	216,846	211,100
Change in premium liabilities	<u>(2,541)</u>	<u>(5,010)</u>
	<u>214,305</u>	<u>206,090</u>
Net earned premiums	<u>179,901</u>	<u>159,982</u>

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20. Investment income

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Rental income from investment property	363	357	363	357
Interest income:				
- AFS financial assets	5,313	5,256	1,210	3,953
- LAR	16,257	12,867	2,975	3,474
- Others	3,677	7,479	3,677	7,479
Dividend income:				
- Equity securities	405	498	405	498
- Collective investment schemes	-	-	10,125	5,421
- Unit and property trust funds	398	394	398	394
	<u>26,413</u>	<u>26,851</u>	<u>19,153</u>	<u>21,576</u>
Net (amortisation of premiums)/ accretion of discounts on investments	2	(130)	2	(130)
	<u>26,415</u>	<u>26,721</u>	<u>19,155</u>	<u>21,446</u>

21. Realised gains and losses

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Property and equipment:				
Realised gain on disposal of property and equipment	(100)	4,136	(100)	4,136
AFS financial assets:				
Realised gains:				
Equity securities				
- quoted in Malaysia	3,065	2,545	3,065	2,545
- quoted outside Malaysia	15	-	15	-
- unquoted in Malaysia	-	577	-	577
Realised losses:				
Equity securities				
- quoted in Malaysia	(2,775)	(1,230)	(2,775)	(1,230)
Debts securities				
- quoted in Malaysia	-	(215)	-	(215)
Total realised gains for AFS financial assets	<u>305</u>	<u>1,677</u>	<u>305</u>	<u>1,677</u>
FVTPL financial assets:				
Realised gains:				
Debts securities				
- unquoted in Malaysia	15	-	-	-
Total realised gains for FVTPL financial assets	<u>15</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total realised gains	<u>220</u>	<u>5,813</u>	<u>205</u>	<u>5,813</u>

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22. Fair value gains and losses

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
FVTPL financial assets:				
Unrealised gains:				
Equity securities				
- quoted in Malaysia	80	428	80	428
Debt securities				
- unquoted in Malaysia	(117)	12	-	-
Collective investment schemes	-	-	802	947
Unit trust	49	-	49	-
Unrealised losses:				
Equity securities				
- quoted in Malaysia	(428)	(80)	(428)	(80)
Total unrealised gains for FVTPL financial assets	(416)	360	503	1,295

23. Other operating income

Group and Company	2015	2014
	RM'000	RM'000
Commission from MMIP	371	827
Sundry income	2,238	688
	<u>2,609</u>	<u>1,515</u>

24. Net claims

Group and Company	2015	2014
	RM'000	RM'000
(a) Gross claims paid	(161,801)	(150,000)
(b) Claims ceded to reinsurers	74,256	62,333
Net claims paid (a)	<u>(87,545)</u>	<u>(87,667)</u>
(c) Gross change in contract liabilities	(18,359)	(17,581)
(d) Change in contract liabilities ceded to reinsurers	(11,930)	751
Net change in contract liabilities (b)	<u>(30,289)</u>	<u>(16,830)</u>
Net claims (a) + (b)	<u>(117,834)</u>	<u>(104,497)</u>

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25. Management expenses

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Employee benefits expense (Note 25(a))	31,181	27,449	31,181	27,449
Directors' remuneration (Note 25(b))	514	447	514	447
Auditors' remuneration:				
Audit fees	246	195	222	195
Regulatory related fees	59	59	59	59
Non-audit fees	17	17	17	17
Depreciation of property and equipment	1,497	1,266	1,497	1,266
Depreciation of investment property	22	21	22	21
Amortisation of intangible assets	816	715	816	715
Allowance for impairment losses on insurance receivables	(3,008)	263	(3,008)	263
Rental of premises	1,693	1,460	1,693	1,460
Printing charges	1,754	1,638	1,754	1,638
Publicity expenses	2,815	2,487	2,815	2,487
Communication expenses	565	683	565	683
Computer expenses	1,020	754	1,020	754
Administration and general expenses	7,852	7,053	6,131	6,169
	<u>47,043</u>	<u>44,507</u>	<u>45,298</u>	<u>43,623</u>

(a) Employee benefits expense

Wages and salaries	24,059	21,370	24,059	21,370
Social security contributions	192	178	192	178
Contributions to defined contribution plan-EPF	2,843	2,594	2,843	2,594
Share-based compensation	1,910	1,630	1,910	1,630
Other benefits	2,177	1,677	2,177	1,677
	<u>31,181</u>	<u>27,449</u>	<u>31,181</u>	<u>27,449</u>

Included in employee benefits expense is Chief Executive Officer's ("CEO") remuneration of RM1,219,000 (2014: RM1,046,000) as detailed out in Note 25(c).

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25. Management expenses (cont'd.)

(b) Directors' remuneration

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

Group and Company	2015 RM'000	2014 RM'000	
Non-executive directors:			
Fees	395	360	
Allowances and other emoluments	119	87	
	<u>514</u>	<u>447</u>	
	Allowances and other emoluments	Total	
	Fees RM'000	RM'000	
2015			
Mohd Yusof Bin Hussian	88	27	115
Ng Soon Lai @ Ng Siek Chuan	23	6	29
Chee Siew Eng	75	23	98
Lee Siang Korn @ Lee Siang Chin	79	20	99
Tan Ming-Li	73	22	95
Junior Namjick Cho	39	9	48
Lim Chong Beng	18	12	30
	<u>395</u>	<u>119</u>	<u>514</u>
2014			
Ng Soon Lai @ Ng Siek Chuan	65	13	78
Chee Siew Eng	71	19	90
Mohd Yusof Bin Hussian	83	23	106
Peter Dixon Miller	38	7	45
Lee Siang Korn @ Lee Siang Chin	65	19	84
Tan Ming-Li	38	6	44
	<u>360</u>	<u>87</u>	<u>447</u>

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25. Management expenses (cont'd.)

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

The number of non-executive directors of the Group whose remuneration during the financial year fell within the following bands is analysed below:

Group	Number of directors	
	2015	2014
Non-executive directors:		
RM0 - RM50,000	3	2
RM50,001 - RM100,000	3	3
RM100,001 - RM150,000	1	1

(c) CEO's remuneration

The details of remuneration received by the CEO during the year are as follows:

Group and Company	2015	2014
	RM'000	RM'000
Salary	686	572
EPF	128	103
Bonus	235	245
Allowance	152	54
Share-based compensation	-	67
Total remuneration excluding the benefits-in-kind (Note 25(a))	1,201	1,041
Estimated money value of benefits-in-kind	18	5
Total remuneration	1,219	1,046

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26. Other operating expenses

Group and Company	2015 RM'000	2014 RM'000
Impairment loss of quoted equity securities	-	506
Loss in foreign exchange	15	84
	<u>15</u>	<u>590</u>

27. Taxation

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Current income tax:				
Malaysian income tax	2,730	4,470	2,730	4,470
(Over)/Under provision in prior year	(46)	774	(46)	774
	<u>2,684</u>	<u>5,244</u>	<u>2,684</u>	<u>5,244</u>
Deferred tax (Note 11):				
Relating to origination and reversal of temporary differences	404	(388)	404	(388)
Under provision in prior year	708	221	708	221
	<u>1,112</u>	<u>(167)</u>	<u>1,112</u>	<u>(167)</u>
	<u>3,796</u>	<u>5,077</u>	<u>3,796</u>	<u>5,077</u>

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

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27. Taxation (cont'd.)

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expenses at the effective income tax rate is as follows:

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Profit before taxation	<u>31,446</u>	<u>30,714</u>	<u>26,835</u>	<u>27,258</u>
Taxation at Malaysian statutory tax rate of 25%	7,862	7,679	6,709	6,815
Additional tax deduction in respect of contribution to MMIP*	(1,753)	(2,340)	(1,753)	(2,340)
Non taxable income	(4,011)	(2,441)	(2,858)	(1,577)
Expenses not deductible for tax purposes	1,036	1,184	1,036	1,184
(Over)/Under provision of taxation in prior year	(46)	774	(46)	774
Under provision of deferred taxation in prior year	708	221	708	221
Tax expense for the year	<u>3,796</u>	<u>5,077</u>	<u>3,796</u>	<u>5,077</u>

- * In accordance with the P.U(A) 419 Income Tax (Deduction for Contribution by Licensed Insurers to the Malaysian Motor Insurance Pool) Rules 2013, cash contributions made to MMIP via cash calls is allowed for as a deduction in the year when such cash is paid to the MMIP. The Company has recognised this benefit as an additional tax deduction in the current year.

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28. Earnings per share

Earnings per share is calculated by dividing profit for the financial year attributable to ordinary equity holders of the Company by the weighted average number of Ordinary Shares in issue during the financial year.

	Group	
	2015	2014
	RM'000	RM'000
Profit attributable to ordinary equity holders	23,357	22,565
Number/weighted average number of ordinary shares in issue during the year ('000)	100,013	100,013
Basic earnings per share (sen)	<u>23.35</u>	<u>22.56</u>

There were no dilutive potential ordinary shares as at the end of the relevant reporting dates. There have been no other transactions involving ordinary shares between the reporting date and the date of these financial statements.

29. Dividends

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Approved and paid:				
Dividend on ordinary shares paid by the Company:				
Final dividend of RM0.13 per ordinary share in respect of the financial year ended 31 December 2014	11,001	13,002	11,001	13,002
Distribution to non-controlling interests by Libra Money EXTRA Fund II:	2,716	2,870	-	-
Distribution to non-controlling interests by AmCash Institutional 9:	-	213	-	-
	<u>13,717</u>	<u>16,085</u>	<u>11,001</u>	<u>13,002</u>

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30. Operating lease arrangements

(a) The Company as lessee

The Company has entered into a lease agreement for rental of office premises.

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

Future minimum rental payments:

	2015	2014
Group and Company	RM'000	RM'000
Rental of office premises:		
Payable within one year	880	912
Payable after one year	284	1,164
	<u>1,164</u>	<u>2,076</u>

(b) The Company as lessor

The Company has entered into a non-cancellable operating lease arrangement on its investment property. The lease have remaining non-cancellable lease term of 3 years.

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

	2015	2014
Group and Company	RM'000	RM'000
Receivable within one year	2,146	2,017
Receivable after one year	912	2,243
	<u>3,058</u>	<u>4,260</u>

Rental income on investment property recognised in profit or loss during the relevant financial years is disclosed in Note 20.

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31. Capital commitment

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

	2015 RM'000	2014 RM'000
Group and Company		
Capital expenditure:		
Approved but not contracted for:		
Property and equipment	16,334	-

32. Related party disclosures

(a) Significant related party transactions

The Company had the following significant transactions with related parties during the year:

	2015 RM'000	2014 RM'000
Shareholder of the holding company, AirAsia Berhad:		
Gross written premium	70,440	51,610
Fee and commission expense	(3,236)	(2,371)
Fellow subsidiary: Tune Genre Ltd.		
Premiums ceded to reinsurers	(85,082)	(53,889)
Fee and commission income	19,903	12,733
Claims paid	3,185	2,629
Other income	345	2,259

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32. Related party disclosures (cont'd.)

(a) Significant related party transactions (cont'd.)

The Company had the following significant transactions with related parties during the year (cont'd.):

	2015 RM'000	2014 RM'000
Related companies:		
Tune Talk Sdn Bhd		
Gross written premium	1,587	1,185
Air Asia X Berhad		
Gross written premium	17,318	12,081
Fee and commission expense	<u>(796)</u>	<u>(555)</u>
Holding companies:		
Tune Ins Holdings Sdn Bhd		
Dividend paid	(11,001)	(13,002)
Other expenses	<u>583</u>	<u>428</u>

(b) Compensation of key management personnel

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

Group and Company	2015 RM'000	2014 RM'000
Non-executive directors' remuneration (Note 25(b))	514	447
CEO's remuneration (Note 25(c))	<u>1,219</u>	<u>1,046</u>
	<u>1,733</u>	<u>1,493</u>

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group and Company. The key management personnel of the Group includes the Directors and Chief Executive Officer.

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33. Regulatory capital requirement

The Company has met the minimum capital adequacy requirements as prescribed by the RBC Framework at end of the financial year.

The capital structure of the Company as at the reporting date, as prescribed under the Risk-Based Capital Framework ("RBC Framework"), is provided as below:

	2015 RM'000	2014 RM'000
Company		
Eligible Tier 1 capital		
Share capital (paid-up)	100,013	100,013
Reserves, including retained earnings	130,697	118,664
	<u>230,710</u>	<u>218,677</u>
Tier 2 capital		
Eligible reserves	<u>1,952</u>	<u>2,543</u>
Amount deducted from capital	<u>2,365</u>	<u>2,883</u>
Total capital available	<u>230,297</u>	<u>218,337</u>

34. Risk management framework

As a general insurance company, the Company is in the business of absorbing the risk of financial loss on behalf of its clients.

In meeting these requirements, the Board of Directors ("Board") of the Company, which has the ultimate responsibility for ensuring an adequate system of risk management, has established a Risk Management Committee ("RMC") of 3 members, comprising two Independent Non-Executive Directors, one Non-Independent Non-Executive Director, the Chief Executive Officer and other members of staff. The Committee is responsible for regularly identifying risks, ensuring that adequate risk management policies and procedures are in place, and monitoring compliance with policies and procedures.

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34. Risk management framework (cont'd.)

The Committee has worked with the Management to develop these policies and both Management and Board have agreed to adopt these policies to govern the running of the business.

Risk appetite

The Company's risk appetite has been established as 3% of shareholders funds i.e. approximately RM4 million on any one event or series of events arising from a single cause.

Overview of risk management policies

The key risks facing the Company are well categorised and are covered by the following policies. However, recognising new risks requires constant vigilance.

A. Underwriting

i. Risk

Acceptance of poor insurance risks, risks with low profit margins and inadequate reinsurance arrangements contribute to low profitability and inadequate capital growth. Insurance risk is also the risk of outstanding insurance contract liabilities being greater than estimated.

ii. Policy

The following outlines the Company's policies to safeguard against these risks:

- (a) Underwrite only classes of risks which have been approved by the Board;
- (b) Accept risks within the approved classes only according to comprehensive underwriting guidelines and within limits of delegated authority;

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34. Risk management framework (cont'd.)

Overview of risk management policies (cont'd.)

A. Underwriting (cont'd.)

ii. Policy (cont'd.)

- (c) Expand into new lines only where there is adequate experience within the Company and after management has obtained appropriate Board authority;
- (d) Price risks with sufficient margin to ensure ongoing viability of the business, and maintaining a professional approach to this function;
- (e) Retain risks according to guidelines on maximum risks to be retained;
- (f) Mitigate foreign currency risks on reinsurance by all significant reinsurance arrangements being entered into in Malaysian Ringgit;
- (g) Ensure compliance with treaty arrangements in accepting risks;
- (h) Maintain a balanced portfolio to yield a reasonable level of profits; and
- (i) Review on a regular basis the reserves for unearned premiums and IBNR.

The Company does not accept risks of an economic or political nature or those that have a long gestation period.

B. Reinsurance

Maintain prudent reinsurance arrangements with reputable reinsurers to safeguard the ongoing viability of the business including its capacity to meet obligations to policyholders and shareholders.

Assess the credit worthiness of reinsurance counterparties and their ability to service their claims obligations.

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34. Risk management framework (cont'd.)

Overview of risk management policies (cont'd.)

C. Claims

i. Risk

Exposure to unexpected or excessive losses, fraudulent claims and inadequate provisions for outstanding claims could affect the Company's profitability, financial position, capital and reputation.

ii. Policy

The Company's policies to guard against these risks are:

- (a) Identify claims exposures and properly assess them, and routinely review them upon advent of further information and at least once a year.
- (b) Maintain good claims administration and settlement processes to ensure prudent claims estimation and appropriate loss adjustment.
- (c) Make adequate provisions for all claims liabilities, especially for long-tail liabilities and the effect of superimposed inflation and adverse foreign exchange movements on such liabilities.
- (e) Ensure that losses are mitigated and potential recovery action is followed up in a professional and timely fashion.

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34. Risk management framework (cont'd.)

Overview of risk management policies (cont'd.)

D. Investments

i. Risk

Investment risk is the risk of inadequate investment returns from poor investment strategies and adverse movements in the value of investments. Investment risk is derived from market risk, credit risk, investment concentration risk, liquidity risk, and asset/liability mismatch risk.

ii. Policy

Returns from investment of premium income are an important source of income to the Company and maintenance of the market value of the investments is essential for the financial stability of the Company. Absence of prudent investment strategies and investment decision framework could result in poor investment return which would affect the Company's profitability and competitiveness and also result in the Company not being able to meet its obligations as they fall due. It is the Company's policy to:

- (a) Implement an investment strategy to ensure appropriate asset allocation, concentration of investments and matching of asset and liability portfolios.
- (b) Ensure that investments are held in different classes within limits specified by the Investment Committee.
- (c) Undertake a thorough analysis before making an investment to minimise market risk and continuously monitor the performance and risk of the investment.
- (d) Manage disposal of investments to optimise the returns on realisation.
- (e) Limit exposure to interest rate risk by investing in term deposits, corporate bonds and government securities on a long and short-term basis at competitive rates.

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34. Risk management framework (cont'd.)

Overview of risk management policies (cont'd.)

D. Investments (cont'd.)

ii. Policy (cont'd.)

- (f) Ensure liquidity by maintaining sufficient cash float at any time and regularly matching expected duration of liabilities and investment; and uncertainties arising from timing and amount of cash flows.
- (g) Minimise credit risk and investment concentration risk by investing with institutions that have a minimum rating of "B" within specific overall limits for each institution.
- (h) Monitor investment portfolio and performance weekly or at other shorter intervals and report investment exposure and performance to the Board monthly.

The Company does not use derivatives.

E. Credit Quality

i. Risk

Risk associated with credit exposure that increase the risk profile of the Company and can adversely affect the Company's viability. The risk arises mainly from default of premiums due and large exposures.

ii. Policy

Policies to limit credit risks include the following:

- (a) Maintain credit control in accordance with appropriate policies and procedures which governs the extension of credit to brokers, agents and reinsurance partners and specifies guidelines for setting limits on credit.
- (b) Limit exposure to single parties or groups of related entities to 30% of the Company's capital base. However, specific Board approval is required to sanction exposures including facultative reinsurance placements which exceed 30% of the Company's capital base as well as exposure arrangements made in exception cases.

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34. Risk management framework (cont'd.)

Overview of risk management policies (cont'd.)

E. Credit Quality (cont'd.)

ii. Policy (cont'd.)

- (c) Monitor compliance with such established credit limits.
- (d) Collect amounts due in accordance with agreed credit terms, enforce prompt collection of overdue amounts in the case of premiums due, consider the cancellation of insurance policies at the expiry of credit terms.

F. Operations

i. Risk

Non-financial or operational risks the Company faces include technology risk, risk to reputation, fraud, compliance, legal risk, physical damage to property, poor outsourcing arrangements, threat to business continuity, and key person risk.

ii. Policy

The policies to monitor and minimise these risks are as follows:

- (a) Undertake annual risk audits to identify material operations risks to which the Company is exposed.
- (b) Effect appropriate insurance cover for all identified operations risks which can be cost-effectively insured.
- (c) Maintain a business continuity plan for events that may lead to a disruption in business including a computer disaster, together with appropriate insurance.

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34. Risk management framework (cont'd.)

Overview of risk management policies (cont'd.)

F. Operations (cont'd.)

ii. Policy (cont'd.)

- (d) Maintain an IT security management policy that identifies the rules and procedures that all person accessing computer resources must adhere to in order to ensure confidentiality, integrity and availability of data resources and protects the data resources from viruses.
- (e) Closely monitor the external relationships.
- (f) Retain records in accordance with an approved document retention policy and safeguard such documents from accidental damage or destruction.
- (g) Ensure at all times that compliance with regulatory requirements and fulfilment of material obligations under the total legislative framework that applies is maintained.
- (h) Maintain an ethics and personal conduct policy to conduct the affairs of the Company in a manner that would avoid any action by the Company or its officers that would bring disrepute to the Company.
- (i) Implement adequate security procedures to prevent unauthorised access, damage, loss to assets and facilities and harm to employees and undertake staff training in relation to those procedures.
- (j) Ensure that division and responsibility is clear and mutually understood where any part of the Company's business is outsourced to third parties whilst ultimate control over the outsourced operations is retained by the Company.
- (k) Identify the types of fraud the Company is exposed to and develop and maintain effective controls to prevent them and to take appropriate and prompt action if fraud occurs.

34. Risk management framework (cont'd.)

Overview of risk management policies (cont'd.)

G. Regulatory compliance and corporate governance

The Management is responsible to follow a systematic approach to the business and effectively manage the risks. The key risks that have been identified are monitored and their status communicated as appropriate throughout all levels of the organisation and also incorporated in the Company's performance management reporting.

The Company maintains a register of risks and follows a project management approach toward mitigation of risk.

The Internal Audit Department, which reports independently to the Board, undertakes a wide-ranging programme of work designed to keep the Board fully informed on the compliance of the business with agreed risk management policies, controls and procedures.

Regular reports are submitted to the Board with Key Performance Indicators covering the Company's performance and the key risks identified.

A Compliance Department is formed to ensure regulatory compliance. The department is under the responsibility of the Manager - Quality Audit/Compliance who shall monitor compliance to regulatory requirements.

The Manager – Quality Audit/Compliance shall take responsibility to ensure regulatory compliance is adhered to and any changes to policy and practices are communicated appropriately to all parties concerned.

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34. Risk management framework (cont'd.)

Overview of risk management policies (cont'd.)

H. Regulations of risk management

In accordance with these policies a procedural framework for management of these risks has been developed for the effective management of risk.

Effective and efficient operation of the organisation would be ensured through:

- (a) Providing a framework for an organisation that enables activities to be undertaken in a consistent and controlled manner.
- (b) A management structure that clearly identifies the roles and responsibilities of the staff at all levels.
- (c) Development of procedures to ensure that the risk management strategies are implemented.
- (d) Retention of a well-qualified level of staff through appropriate recruitment, training and staff development systems and procedures.
- (e) Improving motivation of staff through a suitable communication, review, feed back and reward systems.
- (f) Prompt and comprehensive management reporting systems to assess performance and progress of the business and the utilisation of its resources.

35. Financial instruments and insurance assets and liabilities

	AFS	LAR	FVTPL	Assets under MFRS 4	Total
2015	RM'000	RM'000	RM'000	RM'000	RM'000
Group					
Assets					
Investments	38,394	444,510	104,717	-	587,621
Reinsurance assets	-	-	-	248,126	248,126
Insurance receivables	-	107,317	-	-	107,317
Other receivables	-	98,084	-	-	98,084
Cash and bank balances	-	8,679	-	-	8,679
	<u>38,394</u>	<u>658,590</u>	<u>104,717</u>	<u>248,126</u>	<u>1,049,827</u>

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35. Financial instruments and insurance assets and liabilities (cont'd.)

	Other financial liabilities RM'000	Liabilities under MFRS 4 RM'000	Total RM'000
Liabilities			
Insurance contract liabilities	-	564,139	564,139
Insurance payables	107,152	-	107,152
Other payables	41,199	-	41,199
	<u>148,351</u>	<u>564,139</u>	<u>712,490</u>

	AFS RM'000	LAR RM'000	FVTPL RM'000	Assets under MFRS 4 RM'000	Total RM'000
2014					
Group					
Assets					
Investments	44,727	404,819	95,778	-	545,324
Reinsurance assets	-	-	-	257,515	257,515
Insurance receivables	-	71,019	-	-	71,019
Other receivables	-	68,512	-	-	68,512
Cash and bank balances	-	8,416	-	-	8,416
	<u>44,727</u>	<u>552,766</u>	<u>95,778</u>	<u>257,515</u>	<u>950,786</u>

	Other financial liabilities RM'000	Liabilities under MFRS 4 RM'000	Total RM'000
Liabilities			
Insurance contract liabilities	-	525,807	525,807
Insurance payables	82,395	-	82,395
Other payables	21,130	-	21,130
	<u>103,525</u>	<u>525,807</u>	<u>629,332</u>

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35. Financial instruments and insurance assets and liabilities (cont'd.)

2015	AFS RM'000	LAR RM'000	FVTPL RM'000	Assets under MFRS 4 RM'000	Total RM'000
Company					
Assets					
Investments	148,745	76,374	234,291	-	459,410
Reinsurance assets	-	-	-	248,126	248,126
Insurance receivables	-	107,317	-	-	107,317
Other receivables	-	95,097	-	-	95,097
Cash and bank balances	-	8,670	-	-	8,670
	<u>148,745</u>	<u>287,458</u>	<u>234,291</u>	<u>248,126</u>	<u>918,620</u>
			Other financial liabilities RM'000	Liabilities under MFRS 4 RM'000	Total RM'000
Liabilities					
Insurance contract liabilities			-	564,139	564,139
Insurance payables			107,152	-	107,152
Other payables			41,010	-	41,010
			<u>148,162</u>	<u>564,139</u>	<u>712,301</u>
				Assets under MFRS 4 RM'000	Total RM'000
2014	AFS RM'000	LAR RM'000	FVTPL RM'000		
Company					
Assets					
Investments	150,961	77,509	203,772	-	432,242
Reinsurance assets	-	-	-	257,515	257,515
Insurance receivables	-	-	-	71,019	71,019
Other receivables	-	-	-	67,670	67,670
Cash and bank balances	-	8,396	-	-	8,396
	<u>150,961</u>	<u>85,905</u>	<u>203,772</u>	<u>396,204</u>	<u>836,842</u>

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35. Financial instruments and insurance assets and liabilities (cont'd.)

	Other financial liabilities RM'000	Liabilities under MFRS 4 RM'000	Total RM'000
Liabilities			
Insurance contract liabilities	-	525,807	525,807
Insurance payables	82,395	-	82,395
Other payables	20,968	-	20,968
	<u>103,363</u>	<u>525,807</u>	<u>629,170</u>

36. Insurance risk

The Company has in place comprehensive underwriting guidelines and limits of authority to ensure that risks are accepted in accordance with the authorised limits. The retention of risks is protected by proportional and non-proportional treaties with reputable reinsurers and brokers, and premised on the risk appetite of the Company.

(a) Concentration of risks by class of business

The table below shows the concentration of premium and claims liabilities by class of business:

Group and Company	Gross premium liabilities RM'000	Re- insurance premium liabilities RM'000	Net premium liabilities RM'000
2015			
Motor	71,939	(17,203)	54,736
Fire	24,327	(17,247)	7,080
Marine, Aviation and Transit ("MAT")	10,727	(9,004)	1,723
Others	60,393	(31,263)	29,130
	<u>167,386</u>	<u>(74,717)</u>	<u>92,669</u>
2014			
Motor	62,496	(18,166)	44,330
Fire	18,013	(13,197)	4,816
Marine, Aviation and Transit ("MAT")	18,453	(16,662)	1,791
Others	48,451	(24,151)	24,300
	<u>147,413</u>	<u>(72,176)</u>	<u>75,237</u>

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36. Insurance risk (cont'd.)

(a) Concentration of risks by class of business (cont'd.)

Group and Company	Gross claim liabilities RM'000	Re-insurance claim liabilities RM'000	Net claim liabilities RM'000
2015			
Motor	184,679	(29,111)	155,568
Fire	66,487	(51,784)	14,703
Marine, Aviation and Transit ("MAT")	54,248	(44,137)	10,111
Others	91,339	(48,377)	42,962
	<u>396,753</u>	<u>(173,409)</u>	<u>223,344</u>
2014			
Motor	171,885	(37,497)	134,388
Fire	63,080	(50,880)	12,200
Marine, Aviation and Transit ("MAT")	64,668	(54,244)	10,424
Others	78,761	(42,718)	36,043
	<u>378,394</u>	<u>(185,339)</u>	<u>193,055</u>

(b) Sensitivity analysis

Key assumptions

The principal assumption underlying the estimation of liabilities is that the Company's future claims development will follow a pattern similar to past claims development experience. This includes key assumptions such as the adopted Ultimate Loss Ratios ("ULR"), risk margin percentages (i.e. Provision of Risk Margin for Adverse Deviation ("PRAD")) and expense ratios in respect of claims handling and other overheads expenses.

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

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36. Insurance risk (cont'd.)

(b) Sensitivity analysis (cont'd.)

Sensitivities

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

- Adopted ULR;
- PRAD; and
- Provision for expenses (which includes claims handling cost and other overheads).

The analysis below is performed for reasonably possible movements in key assumptions (i.e. a 10% increase) with all other assumptions held constant, showing the impact on Gross and Net Liabilities, Profit before Tax and Equity. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non-linear.

Group and Company	Changes in variable	-----Increase/(decrease)-----			
		Impact on gross liabilities RM'000	Impact on net liabilities RM'000	Impact on profit before taxation RM'000	Impact on equity RM'000
2015					
Loss ratio	+10%	112,659	66,640	(66,640)	(49,980)
PRAD	+10%	2,281	1,182	(1,182)	(887)
Provision for expenses	+10%	910	910	(910)	(683)
2014					
Loss ratio	+10%	128,219	70,193	(70,193)	(52,645)
PRAD	+10%	2,301	1,032	(1,032)	(774)
Provision for expenses	+10%	625	625	(625)	(469)

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36. Insurance risk (cont'd.)

(c) Claims development table

The following tables show the estimate of cumulative incurred claims, including both claims notified and IBNR for each successive accident year at each reporting date, together with cumulative payments to-date.

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

Group and Company

Gross general insurance contract liabilities for 2015:

Accident year	2008 RM'000	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000	2014 RM'000	2015 RM'000	Total RM'000
At the end of accident year									
One year later	231,999	174,026	170,544	164,136	243,986	211,969	246,130	256,297	
Two years later	251,136	124,814	168,597	150,123	247,486	173,116	207,343		
Three years later	211,179	117,799	146,125	139,573	224,094	154,652			
Four years later	206,783	106,592	149,468	131,463	208,847				
Five years later	201,353	106,058	148,331	129,325					
Six years later	199,700	106,500	146,560						
Seven years later	194,854	105,697							
	212,264	105,697	146,560	129,325	208,847	154,652	207,343	256,297	1,420,985
Current estimate of cumulative claims incurred									
At the end of accident year									
One year later	(43,395)	(39,747)	(38,182)	(30,815)	(76,857)	(47,381)	(54,979)	(57,884)	
Two years later	(146,308)	(73,127)	(95,372)	(75,244)	(132,823)	(91,862)	(120,315)		
Three years later	(173,375)	(88,940)	(110,466)	(109,790)	(167,023)	(104,766)			
Four years later	(188,104)	(100,378)	(127,828)	(116,683)	(185,774)				
Five years later	(193,255)	(103,762)	(133,744)	(118,521)					
Six years later	(194,800)	(103,869)	(137,006)						
Seven years later	(194,271)	(104,010)							
	(195,956)								
Cumulative payments to-date	(195,956)	(104,010)	(137,006)	(118,521)	(185,774)	(104,766)	(120,315)	(57,884)	(1,024,232)
Gross general insurance contract liabilities per statements of financial position (Note 14(i))	16,308	1,687	9,554	10,804	23,073	49,886	87,028	198,413	396,753

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36. Insurance risk (cont'd.)

(c) Claims development table (cont'd.)

Group and Company (cont'd.)

Net general insurance contract liabilities for 2015:

Accident year	2008 RM'000	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000	2014 RM'000	2015 RM'000	Total RM'000
At the end of accident year	102,392	100,098	114,029	134,687	134,376	120,999	144,802	158,569	
One year later	96,959	88,388	106,956	121,263	128,136	103,629	123,661		
Two years later	89,334	87,742	98,737	108,850	114,501	96,867			
Three years later	85,705	82,173	94,709	104,165	103,145				
Four years later	83,684	80,220	93,967	103,640					
Five years later	82,969	80,445	93,366						
Six years later	80,184	80,015							
Seven years later	85,243								
Current estimate of cumulative claims incurred	85,243	80,015	93,366	103,640	103,145	96,867	123,661	158,569	844,506
At the end of accident year	(34,131)	(36,105)	(34,592)	(28,737)	(34,057)	(35,220)	(39,627)	(37,371)	
One year later	(63,502)	(62,444)	(67,182)	(66,529)	(76,815)	(64,442)	(73,221)		
Two years later	(71,614)	(70,711)	(77,525)	(90,298)	(89,842)	(72,345)			
Three years later	(75,894)	(75,656)	(86,020)	(93,871)	(94,837)				
Four years later	(78,497)	(77,693)	(87,975)	(95,673)					
Five years later	(79,452)	(78,056)	(89,420)						
Six years later	(79,804)	(78,184)							
Seven years later	(80,111)								
Cumulative payments to-date	(80,111)	(78,184)	(89,420)	(95,673)	(94,837)	(72,345)	(73,221)	(37,371)	(621,162)
Net general insurance contract liabilities per statements of financial position (Note 14(i))	5,132	1,831	3,946	7,967	8,308	24,522	50,440	121,198	223,344

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36. Insurance risk (cont'd.)

(c) Claims development table (cont'd.)

Group and Company (cont'd.)

Group and Company

Gross general insurance contract liabilities for 2014:

Accident year	2007 RM'000	2008 RM'000	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000	2014 RM'000	Total RM'000
At the end of accident year									
One year later	168,880	231,999	174,026	170,544	164,136	243,986	211,969	246,130	
Two years later	158,065	251,136	124,814	168,597	150,123	247,486	173,116		
Three years later	161,822	211,179	117,799	146,125	139,573	224,094			
Four years later	157,899	206,783	106,592	149,468	131,463				
Five years later	152,896	201,353	106,058	148,331					
Six years later	153,684	199,700	106,500						
Seven years later	152,620	194,854							
	166,484								1,390,972
Current estimate of cumulative claims incurred	166,484	194,854	106,500	148,331	131,463	224,094	173,116	246,130	
At the end of accident year									
One year later	(52,065)	(43,395)	(39,747)	(38,182)	(30,815)	(76,857)	(47,381)	(54,979)	
Two years later	(97,631)	(146,308)	(73,127)	(95,372)	(75,244)	(132,823)	(91,862)		
Three years later	(120,035)	(173,375)	(88,940)	(110,466)	(109,790)	(167,023)			
Four years later	(133,779)	(188,104)	(100,378)	(127,828)	(116,683)				
Five years later	(140,857)	(193,255)	(103,762)	(133,744)					
Six years later	(145,024)	(194,800)	(103,869)						
Seven years later	(146,193)	(194,271)							
	(150,147)								
Cumulative payments to-date	(150,147)	(194,271)	(103,869)	(133,744)	(116,683)	(167,023)	(91,862)	(54,979)	(1,012,578)
Gross general insurance contract liabilities per statements of financial position (Note 14(i))	16,337	583	2,631	14,587	14,780	57,071	81,254	191,151	378,394

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36. Insurance risk (cont'd.)

(c) Claims development table (cont'd.)

Group and Company (cont'd.)

Net general insurance contract liabilities for 2014:

Accident year	2007	2008	2009	2010	2011	2012	2013	2014	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At the end of accident year									
One year later	90,326	102,392	100,098	114,029	134,687	134,376	120,999	144,802	
Two years later	85,079	96,959	88,388	106,956	121,263	128,136	103,629		
Three years later	84,387	89,334	87,742	98,737	108,850	114,501			
Four years later	84,684	85,705	82,173	94,709	104,165				
Five years later	80,836	83,684	80,220	93,967					
Six years later	79,412	82,969	80,445						
Seven years later	78,472	80,184							
	80,600								
Current estimate of cumulative claims incurred	80,600	80,184	80,445	93,967	104,165	114,501	103,629	144,802	802,293
At the end of accident year									
One year later	(32,810)	(34,131)	(36,105)	(34,592)	(28,737)	(34,057)	(35,220)	(39,627)	
Two years later	(60,380)	(63,502)	(62,444)	(67,182)	(66,529)	(76,815)	(64,442)		
Three years later	(66,712)	(71,614)	(70,711)	(77,525)	(90,298)	(89,842)			
Four years later	(71,819)	(75,894)	(75,656)	(86,020)	(93,871)				
Five years later	(74,337)	(78,497)	(77,693)	(87,975)					
Six years later	(75,595)	(79,452)	(78,056)						
Seven years later	(76,072)	(79,804)							
	(75,621)								
Cumulative payments to-date	(75,621)	(79,804)	(78,056)	(87,975)	(93,871)	(89,842)	(64,442)	(39,627)	(609,238)
Net general insurance contract liabilities per statements of financial position (Note 14(f))	4,979	380	2,389	5,992	10,294	24,659	39,187	105,175	193,055

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37. Financial risks

(b) Credit risk

Treaty reinsurers and brokers credit ratings are evaluated prior to entering into treaty arrangements. The Group and the Company observe the Bank Negara Malaysia Guidelines and internal Group policies in assessing the credit ratings of reinsurers and brokers.

The settlement risks are also mitigated through prompt reconciliations of records and recovery actions, avoiding at all times delays in collection from reinsurers and entering into commutations for run off reinsurers. The Group and the Company have tightened the credit collection and recovery policies to expedite collections. The Group and the Company are unable to avoid any deterioration in credit ratings of reinsurers after inception of treaties.

Credit exposure

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

	Note	Group		Company	
		2015	2014	2015	2014
		RM'000	RM'000	RM'000	RM'000
LAR:					
Fixed and call deposits with licensed financial institutions	7(a)	444,065	404,314	75,929	77,004
Loans receivable:					
Staff mortgage loans	7(a)	435	495	435	495
Other staff loans:					
Unsecured	7(a)	10	10	10	10
AFS financial assets:					
Debt securities	7(b)	24,548	25,071	24,548	25,071
FVTPL financial assets:					
Debt securities	7(c)	94,668	89,246	-	-
Reinsurance assets	8	248,126	257,515	248,126	257,515
Insurance receivables	9	107,317	71,019	107,317	71,019
Other receivables	10	98,084	68,512	95,097	67,670
Cash and bank balances		8,679	8,416	8,670	8,396
		<u>1,025,932</u>	<u>924,598</u>	<u>560,132</u>	<u>507,180</u>

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37. Financial risks (cont'd.)

(b) Credit risk (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 assets according to the Group's and the Company's credit ratings of counterparties.

Group	Neither impaired nor past-due					Past-due but not impaired RM'000	Total RM'000
	AAA RM'000	AA RM'000	A RM'000	BBB and lower RM'000	Not rated RM'000		
2015							
LAR:							
Fixed and call deposits with licensed financial institutions	101,776	236,439	32,312	-	73,538	-	444,065
Loans receivable:							
Staff mortgage loans	-	-	-	-	435	-	435
Other staff loans:							
Unsecured	-	-	-	-	10	-	10
AFS financial assets:							
Debt securities	-	24,548	-	-	-	-	24,548
FVTPL financial assets:							
Debt securities	15,236	76,339	1,020	-	2,073	-	94,668
Reinsurance assets	-	27,552	117,868	1,682	101,024	-	248,126
Insurance receivables	-	6,268	15,134	2,531	3,612	79,772	107,317
Other receivables	948	518	261	-	96,357	-	98,084
Cash and bank balances	6,647	1,202	771	-	58	-	8,678
	124,607	372,866	167,366	4,213	277,107	79,772	1,025,931

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37. Financial risks (cont'd.)

(b) Credit risk (cont'd.)

Credit exposure by credit rating (cont'd.)

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

Neither impaired nor past-due							Past-due but not impaired RM'000	Total RM'000
AAA RM'000	AA RM'000	A RM'000	BBB and lower RM'000	Not rated RM'000				
2014								
LAR:								
Fixed and call deposits with licensed financial institutions								
Loans receivable:								
Staff mortgage loans	204,151	155,832	7,694	-	36,637	-	-	404,314
Other staff loans:								
Unsecured	-	-	-	-	495	-	-	495
AFS financial assets:								
Debt securities	-	-	-	-	10	-	-	10
FVTPL financial assets:								
Debt securities	-	25,071	-	-	-	-	-	25,071
Reinsurance assets	30,271	55,790	1,036	-	2,149	-	-	89,246
Insurance receivables	-	-	82,076	2,192	173,247	-	-	257,515
Other receivables	-	-	11,134	121	8,564	51,200	-	71,019
Cash and bank balances	774	800	124	-	66,814	-	-	68,512
	5,907	1,460	1,006	-	43	-	-	8,416
	241,103	238,953	103,070	2,313	287,959	51,200	-	924,598

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37. Financial risks (cont'd.)

(b) Credit risk (cont'd.)

Credit exposure by credit rating (cont'd.)

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

Company	Neither impaired nor past-due					Past-due but not impaired RM'000	Total RM'000
	AAA RM'000	AA RM'000	A RM'000	BBB and lower RM'000	Not rated RM'000		
2015							
LAR:							
Fixed and call deposits with licensed financial institutions	10,081	39,405	6,144	-	20,299	-	75,929
Loans receivable:							
Staff mortgage loans	-	-	-	-	435	-	435
Other staff loans:							
Unsecured	-	-	-	-	10	-	10
AFS financial assets:							
Debt securities	-	24,548	-	-	-	-	24,548
Reinsurance assets	-	27,552	117,868	1,682	101,024	-	248,126
Insurance receivables	-	6,268	15,134	2,531	3,612	79,772	107,317
Other receivables	43	251	116	-	94,687	-	95,097
Cash and bank balances	6,644	1,197	771	-	58	-	8,670
	16,768	99,221	140,033	4,213	220,125	79,772	560,132

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37. Financial risks (cont'd.)

(b) Credit risk (cont'd.)

Credit exposure by credit rating (cont'd.)

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

Company	Neither impaired nor past-due					Past-due but not impaired RM'000	Total RM'000
	AAA RM'000	AA RM'000	A RM'000	BBB and lower RM'000	Not rated RM'000		
2014							
LAR:							
Fixed and call deposits with licensed financial institutions	15,253	27,891	7,694	-	26,166	-	77,004
Loans receivable:							
Staff mortgage loans	-	-	-	-	495	-	495
Other staff loans:							
Unsecured	-	-	-	-	10	-	10
AFS financial assets:							
Debt securities	-	25,071	-	-	-	-	25,071
Reinsurance assets	-	-	82,076	2,192	173,247	-	257,515
Insurance receivables	-	-	11,134	121	8,564	51,200	71,019
Other receivables	63	710	124	-	66,773	-	67,670
Cash and bank balances	5,905	1,441	1,006	-	44	-	8,396
	21,221	55,113	102,034	2,313	275,299	51,200	507,180

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37. Financial risks (cont'd.)

(b) Credit risk (cont'd.)

Age analysis of financial assets past-due but not impaired

Group and Company	Past due but not impaired					Total RM'000
	< 30 days RM'000	31 to 60 days RM'000	61 to 90 days RM'000	91 to 180 days RM'000	More than 180 days RM'000	
2015						
Insurance receivables:						
Due premium including agents, brokers and co-insurers balances	20,633	6,965	6,132	14,972	11,451	60,153
Due from reinsurers and cedants	6,834	155	1,729	4,435	6,466	19,619
	<u>27,467</u>	<u>7,120</u>	<u>7,861</u>	<u>19,407</u>	<u>17,917</u>	<u>79,772</u>
2014						
Insurance receivables:						
Due premium including agents, brokers and co-insurers balances	12,000	11,041	4,509	6,677	5,760	39,987
Due from reinsurers and cedants	3,893	(150)	37	2,708	4,725	11,213
	<u>15,893</u>	<u>10,891</u>	<u>4,546</u>	<u>9,385</u>	<u>10,485</u>	<u>51,200</u>

As at 31 December 2015 based on the assessment of the receivables, there were impaired insurance receivable of RM2,314,000 (2014: RM2,160,000). A reconciliation of the allowance for the impairment losses for the insurance receivables is disclosed in Note 9.

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37. Financial risks (cont'd.)

(c) Liquidity risk

Liquidity risk is the risk where the Group are unable to meet its obligations in a timely manner at a reasonable cost at any time. The Group maintains a large tranche of liquid asset instruments, primarily bank deposits and Malaysian Government Securities, to ensure high liquidity.

Maturity profiles

The table below summarises the maturity profile of the financial and reinsurance assets and financial and insurance contract 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. Unearned premiums and the reinsurers' share of unearned premiums have been excluded from the analysis as they are not contractual obligations.

Group	Carrying value RM'000	Less than 1 year RM'000	Over 1-5 years RM'000	Over 5 years RM'000	No maturity date RM'000	Total RM'000
2015						
LAR:						
Fixed and call deposits with licensed financial institutions	444,065	444,065	-	-	-	444,065
Loans receivable:						
Staff mortgage loans	435	3	124	-	308	435
Other staff loans:						
Unsecured	10	10	-	-	-	10
AFS financial assets:						
Unit and property trust funds	13,846	-	-	-	13,846	13,846
Debt securities	24,548	5,817	21,840	-	-	27,657
FVTPL financial assets:						
Debt securities	94,668	36,067	57,723	11,040	-	104,830
Reinsurance assets	173,409	77,215	85,162	11,032	-	173,409
Insurance receivables	107,317	107,317	-	-	-	107,317
Other receivables	98,084	98,084	-	-	-	98,084
Cash and bank balances	8,679	8,679	-	-	-	8,679
	965,061	777,257	164,849	22,072	14,154	978,332

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37. Financial risks (cont'd.)

(c) Liquidity risk (cont'd.)

Maturity profiles (cont'd.)

Group (cont'd.)	Carrying value RM'000	Less than 1 year RM'000	Over 1-5 years RM'000	Over 5 years RM'000	No maturity date RM'000	Total RM'000
2015						
Insurance contract liabilities	396,753	198,413	180,345	17,995	-	396,753
Insurance payables	107,152	107,152	-	-	-	107,152
Other payables	41,199	40,536	663	-	-	41,199
	545,104	346,101	181,008	17,995	-	545,104
2014						
LAR:						
Fixed and call deposits with licensed financial institutions	404,314	405,521	-	-	-	405,521
Loans receivable:						
Staff mortgage loans	495	-	73	422	-	495
Other staff loans:						
Unsecured	10	10	-	-	-	10
AFS financial assets:						
Equity securities	6,259	-	-	-	6,259	6,259
Unit and property trust funds	13,397	-	-	-	13,397	13,397
Debt securities	25,071	816	28,049	-	-	28,865
FVTPL financial assets:						
Equity securities	6,532	-	-	-	6,532	6,532
Debt securities	89,246	25,315	58,844	5,087	-	89,246
Reinsurance assets	185,339	85,976	87,560	11,803	-	185,339
Insurance receivables	71,019	71,019	-	-	-	71,019
Other receivables	68,512	68,512	-	-	-	68,512
Cash and bank balances	8,416	8,416	-	-	-	8,416
	878,610	665,585	174,526	17,312	26,188	883,611

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37. Financial risks (cont'd.)

(c) Liquidity risk (cont'd.)

Maturity profiles (cont'd.)

Group (cont'd.)	Carrying value RM'000	Less than 1 year RM'000	Over 1-5 years RM'000	Over 5 years RM'000	No maturity date RM'000	Total RM'000
2014						
Insurance contract liabilities	378,394	191,151	167,692	19,551	-	378,394
Insurance payables	82,395	82,395	-	-	-	82,395
Other payables	30,671	29,977	694	-	-	30,671
	491,460	303,523	168,386	19,551	-	491,460
Company						
2015						
LAR:						
Fixed and call deposits with licensed financial institutions	75,929	75,929	-	-	-	75,929
Loans receivable:						
Staff mortgage loans	435	3	124	-	308	435
Other staff loans:						
Unsecured	10	10	-	-	-	10
AFS financial assets:						
Collective investment schemes	110,351	-	-	-	110,351	110,351
Unit and property trust funds	13,846	-	-	-	13,846	13,846
Debt securities	24,548	5,817	21,840	-	-	27,657
FVTPL financial assets:						
Collective investment schemes	224,242	-	-	-	224,242	224,242
Unit and property trust funds	10,049	-	-	-	10,049	10,049
Reinsurance assets	173,409	77,215	85,162	11,032	-	173,409
Insurance receivables	107,317	107,317	-	-	-	107,317
Cash and bank balances	8,670	8,670	-	-	-	8,670
	748,806	274,961	107,126	11,032	358,796	751,915

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37. Financial risks (cont'd.)

(c) Liquidity risk (cont'd.)

Maturity profiles (cont'd.)

Company (cont'd.)	Carrying value RM'000	Less than 1 year RM'000	Over 1-5 years RM'000	Over 5 years RM'000	No maturity date RM'000	Total RM'000
2015						
Insurance contract liabilities	396,753	198,413	180,345	17,995	-	396,753
Insurance payables	107,152	107,152	-	-	-	107,152
Other payables	41,010	40,347	663	-	-	41,010
	544,915	345,912	181,008	17,995	-	544,915

Company

2014

LAR:

Fixed and call deposits with licensed financial institutions

Loans receivable:

Staff mortgage loans

Other staff loans:

Unsecured

AFS financial assets:

Equity securities

Collective investment schemes

Unit and property trust funds

Debt securities

FVTPL financial assets:

Equity securities

Collective investment schemes

Reinsurance assets

Insurance receivables

Other receivables

Cash and bank balances

	77,004	77,617	-	-	-	77,617
	495	-	73	422	-	495
	10	10	-	-	-	10
	6,259	-	-	-	6,259	6,259
	106,234	-	-	-	106,234	106,234
	13,397	-	-	-	13,397	13,397
	25,071	816	28,049	-	-	28,865
	6,532	-	-	-	6,532	6,532
	197,240	-	-	-	197,240	197,240
	185,339	85,976	87,560	11,803	-	185,339
	71,019	71,019	-	-	-	71,019
	67,670	67,670	-	-	-	67,670
	8,396	8,396	-	-	-	8,396
	764,666	311,504	115,682	12,225	329,662	769,073

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37. Financial risks (cont'd.)

(c) Liquidity risk (cont'd.)

Maturity profiles (cont'd.)

Company (cont'd.)	Carrying value RM'000	Less than 1 year RM'000	Over 1-5 years RM'000	Over 5 years RM'000	No maturity date RM'000	Total RM'000
2014						
Insurance contract liabilities	378,394	191,151	167,692	19,551	-	378,394
Insurance payables	82,395	82,395	-	-	-	82,395
Other payables	30,509	29,814	694	-	-	30,508
	491,298	303,360	168,386	19,551	-	491,297

	Group		Company			
	Current* RM'000	Non- current RM'000	Total RM'000	Current* RM'000	Non- current RM'000	Total RM'000
2015						
Assets						
Property and equipment	-	5,072	5,072	-	5,072	5,072
Investment property	-	2,433	2,433	-	2,433	2,433
Intangible assets	-	1,451	1,451	-	1,451	1,451
Investments	500,116	87,505	587,621	440,555	18,855	459,410
Reinsurance assets	151,932	96,194	248,126	151,932	96,194	248,126
Insurance receivables	107,317	-	107,317	107,317	-	107,317
Other receivables	98,084	-	98,084	95,097	-	95,097
Tax recoverable	17,631	-	17,631	17,631	-	17,631
Deferred tax assets	291	-	291	291	-	291
Cash and bank balances	8,679	-	8,679	8,670	-	8,670
Total assets	884,050	192,655	1,076,705	821,493	124,005	945,498

(c) Liquidity risk (cont'd.)

	Group			Company		
	Current*	Non-current	Total	Current*	Non-current	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2015 (cont'd.)						
Liabilities						
Insurance contract liabilities	(30,954)	595,093	564,139	(30,954)	595,093	564,139
Retirement benefits	23	507	530	23	507	530
Insurance payables	107,152	-	107,152	107,152	-	107,152
Other payables	40,536	663	41,199	40,347	663	41,010
Total liabilities	116,757	596,263	713,020	116,568	596,263	712,831

Assets					
Property and equipment	-	5,857	5,857	-	5,857
Investment property	-	2,352	2,352	-	2,352
Intangible assets	-	1,681	1,681	-	1,681
Investments	426,003	119,321	545,324	204,333	227,909
Reinsurance assets	158,152	99,363	257,515	158,152	99,363
Insurance receivables	71,019	-	71,019	71,019	-
Other receivables	68,512	-	68,512	67,670	-
Tax recoverable	12,984	-	12,984	12,984	-
Deferred tax assets	1,007	-	1,007	1,007	-
Cash and bank balances	8,416	-	8,416	8,396	-
Total assets	746,093	228,574	974,667	523,561	337,162
					860,723

(c) Liquidity risk (cont'd.)

Maturity profiles (cont'd.)

* Expected utilisation or settlement within 12 months from the reporting date.
** Denotes cost of investment of RM2.00.

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37. Financial risks (cont'd.)

(d) Market risk

Market risk arises with changes in equity and bond prices. This risk is mitigated through proper initial and continuous credit evaluation of bonds and shares respectively, purchase of high grade shares and bonds, and constant watch on investment portfolio for adverse changes and opportunities.

Credit risk, especially settlement risk is mitigated with proper credit monitoring of bonds held.

Fund managers' performance are monitored constantly, parameters are prescribed to fund managers according to the Group's risk appetite on purchase of equity, bonds and unit trusts, and by placing limits on categories of purchase.

Holding of unquoted shares is progressively reduced, with an emphasis on risk and return.

Equity price risk

Management's best estimate of the effect on the net income for the year and equity due to a reasonably possible change in the FTSE Bursa Malaysia KLCI Index ("FBMKLCI") with all other variables held constant is indicated in the table below:

	Group		Company	
	Increase/(decrease)		Increase/(decrease)	
	Effect on		Effect on	
	net		net	
	income for		income for	
	the year		the year	
	RM'000		RM'000	
	Effect on		Effect on	
	equity		equity	
	RM'000		RM'000	
	Effect on		Effect on	
	net		net	
	income for		income for	
	the year		the year	
	RM'000		RM'000	
	Effect on		Effect on	
	equity		equity	
	RM'000		RM'000	
	Effect on		Effect on	
	net		net	
	income for		income for	
	the year		the year	
	RM'000		RM'000	
	Effect on		Effect on	
	equity		equity	
	RM'000		RM'000	
	Effect on		Effect on	
	net		net	
	income for		income for	
	the year		the year	
	RM'000		RM'000	
	Effect on		Effect on	
	equity		equity	
	RM'000		RM'000	
	Effect on		Effect on	
	net		net	
	income for		income for	
	the year		the year	
	RM'000		RM'000	
	Effect on		Effect on	
	equity		equity	
	RM'000		RM'000	
	Effect on		Effect on	
	net		net	
	income for		income for	
	the year		the year	
	RM'000		RM'000	
	Effect on		Effect on	
	equity		equity	
	RM'000		RM'000	
	Effect on		Effect on	
	net		net	
	income for		income for	
	the year		the year	
	RM'000		RM'000	
	Effect on		Effect on	
	equity		equity	
	RM'000		RM'000	
	Effect on		Effect on	
	net		net	
	income for		income for	
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	income for		income for	
	the year		the year	
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	Effect on		Effect on	
	equity		equity	
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	Effect on		Effect on	
	net		net	
	income for		income for	
	the year		the year	
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	income for		income for	
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	income for		income for	
	the year		the year	
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	income for		income for	
	the year		the year	
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	income for		income for	
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	income for		income for	
	the year		the year	
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	income for		income for	
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	income for		income for	
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	income for		income for	
	the year		the year	
	RM'000		RM'000	
	Effect on		Effect on	
	equity		equity	
	RM'000		RM'000	
	Effect on		Effect on	
	net		net	
	income for		income for	
	the year		the year	
	RM'000		RM'000	
	Effect on		Effect on	
	equity		equity	
	RM'000		RM'000	
	Effect on		Effect on	
	net		net	
	income for		income for	
	the year		the year	
	RM'000		RM'000	
	Effect			

(d) Market risk (cont'd.)

The Group have no borrowings, hence limiting its exposure to interest risk to holdings in term deposits, corporate bonds and government securities. The interest and capital value of the latter may be affected by changes in the interest yield curve. The Group has an investment policy that investments are made at competitive interest rates.

The analysis below is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on income or loss and impact on equity. The correlation of variables will have a significant effect in determining the ultimate impact on interest rate yield risk but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis. It should be noted that movements in these variables are non-linear.

(e) Operational Risk

Good internal control framework, compliance to regulatory guidelines and observance to best practices enable the Group to mitigate its operational risks. Internal audit plan and risk based audits coupled with periodic reviews on compliance to policies and procedures provide assurance that the Group has the best processes in a controlled environment.

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38. Fair values of financial assets and liabilities

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices 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 table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

Group	Date of valuation	----- Valuation technique using -----			Total RM'000
		Quoted market price (Level 1) RM'000	Observable inputs (Level 2) RM'000	Un- observable inputs (Level 3) RM'000	
Assets measured at fair value:					
AFS financial assets:					
2015					
Equity securities:					
Quoted in Malaysia	31 December 2015	13,846	-	-	13,846
Debt securities:					
Unquoted in Malaysia	31 December 2015	-	24,548	-	24,548
		13,846	24,548	-	38,394
2014					
Equity securities:					
Quoted in Malaysia	31 December 2014	6,259	-	-	6,259
Unit and property trust funds:					
Quoted in Malaysia	31 December 2014	13,397	-	-	13,397
Debt securities:					
Unquoted in Malaysia	31 December 2014	-	25,071	-	25,071
		19,656	25,071	-	44,727

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38. Fair values of financial assets and liabilities (cont'd.)

Group	Date of valuation	Valuation technique using -----]			Total RM'000
		Quoted market price (Level 1) RM'000	Observable inputs (Level 2) RM'000	Un-observable inputs (Level 3) RM'000	
Assets measured at fair value:					
<u>FVTPL financial assets:</u>					
2015					
Equity securities:					
Quoted in Malaysia	31 December 2015	10,049	-	-	10,049
Debt securities:					
Unquoted in Malaysia	31 December 2015	-	94,668	-	94,668
		10,049	94,668	-	104,717
2014					
Equity securities:					
Quoted in Malaysia	31 December 2014	6,532	-	-	6,532
Debt securities:					
Unquoted in Malaysia	31 December 2014	-	89,246	-	89,246
		6,532	89,246	-	95,778

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38. Fair values of financial assets and liabilities (cont'd.)

Group (cont'd.)	Valuation technique using -----				
	Date of valuation	Quoted market price (Level 1) RM'000	Observable inputs (Level 2) RM'000	Un-observable inputs (Level 3) RM'000	Total RM'000
Assets for which fair values are disclosed					
2015					
Investment property	31 December 2015	-	2,850	-	2,850
2014					
Investment property	31 December 2014	-	2,825	-	2,825
Company					
Assets measured at fair value:					
<u>AFS financial assets:</u>					
2015					
Equity securities:					
Quoted in Malaysia	31 December 2015	110,351	-	-	110,351
Unit and property trust funds:					
Quoted in Malaysia	31 December 2015	13,846	-	-	13,846
Debt securities:					
Unquoted in Malaysia	31 December 2015	-	24,548	-	24,548
		124,197	24,548	-	148,745

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38. Fair values of financial assets and liabilities (cont'd.)

----- Valuation technique using -----						
Company (cont'd.)	Date of valuation	Quoted market price (Level 1) RM'000	Observable inputs (Level 2) RM'000	observable inputs (Level 3) RM'000	Un-observable inputs (Level 3) RM'000	Total RM'000
Assets measured at fair value: (cont'd.)						
<u>FVTPL financial assets:</u>						
2015						
Collective investment schemes:						
Quoted in Malaysia	31 December 2015	224,242	-	-	-	224,242
Unit and property trust funds:						
Quoted in Malaysia	31 December 2015	10,049	-	-	-	10,049
		234,291	-	-	-	234,291
<u>AFS financial assets:</u>						
2014						
Equity securities:						
Quoted in Malaysia	31 December 2014	6,259	-	-	-	6,259
Collective investment schemes:						
Quoted in Malaysia	31 December 2014	-	106,234	-	-	106,234
Unit and property trust funds:						
Quoted in Malaysia	31 December 2014	13,397	-	-	-	13,397
Debt securities:						
Unquoted in Malaysia	31 December 2014	-	25,071	-	-	25,071
		19,656	131,305	-	-	150,961
<u>FVTPL financial assets:</u>						
2014						
Equity securities:						
Quoted in Malaysia	31 December 2014	6,532	-	-	-	6,532
Collective investment schemes:						
Quoted in Malaysia	31 December 2014	197,240	-	-	-	197,240
		203,772	-	-	-	203,772

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38. Fair values of financial assets and liabilities (cont'd.)

Company (cont'd.)	Valuation technique using -----]				
	Date of valuation	Quoted market price (Level 1) RM'000	Observable inputs (Level 2) RM'000	Un-observable inputs (Level 3) RM'000	Total RM'000
Assets measured at fair value (cont'd.):					
Assets for which fair values are disclosed					
2015					
Investment property	31 December 2015	-	-	2,850	2,850
2014					
Investment property	31 December 2014	-	-	2,825	2,825

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38. Fair values of financial assets and liabilities (cont'd.)

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

Financial instruments measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions are instruments for which pricing is obtained via pricing services.