



**Prudential Assurance  
Malaysia Berhad**

(Company No. 107655-U)  
(Incorporated in Malaysia)

**Unaudited Condensed Interim  
Financial Statements  
For The Half-Year Ended  
30 June 2015  
(In Ringgit Malaysia)**

# Prudential Assurance Malaysia Berhad

(Company No. 107655-U)

(Incorporated in Malaysia)

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# Prudential Assurance Malaysia Berhad

(Company No. 107655-U)

(Incorporated in Malaysia)

## Condensed statement of financial position As at 30 June 2015 (Unaudited)

	Note	30.06.2015 RM'000	31.12.2014 RM'000
<b>Assets</b>			
Property and equipment		155,832	131,804
Investments	9	22,914,794	21,892,325
Reinsurance assets	10	17,505	16,589
Insurance receivables		45,710	45,014
Other receivables		295,473	242,772
Tax recoverable		110,036	54,919
Cash and bank balances		27,530	34,262
<b>Total assets</b>		<u>23,566,880</u>	<u>22,417,685</u>
<b>Equity, policyholders' funds and liabilities</b>			
Share capital		100,000	100,000
Retained earnings		1,381,988	1,304,060
<b>Total equity</b>		1,481,988	1,404,060
Insurance contract liabilities	11	20,806,566	19,807,085
Deferred taxation		502,098	434,124
Provisions		191,597	177,197
Insurance payables		306,970	317,472
Tax payable		43,219	33,168
Other payables		234,442	244,579
<b>Total liabilities</b>		22,084,892	21,013,625
<b>Total equity, policyholders' funds and liabilities</b>		<u>23,566,880</u>	<u>22,417,685</u>

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

# Prudential Assurance Malaysia Berhad

(Company No. 107655-U)

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## Condensed statement of profit or loss and other comprehensive income For the 6 months period ended 30 June 2015 (Unaudited)

	6 months period ended 30.06.2015 RM'000	6 months period ended 30.06.2014 RM'000
<b>Operating revenue</b>	<u>3,282,508</u>	<u>2,985,071</u>
Gross premiums	2,842,661	2,592,439
Premiums ceded to reinsurers	<u>(45,759)</u>	<u>(40,229)</u>
<b>Net premiums</b>	<u>2,796,902</u>	<u>2,552,210</u>
Investment income	442,436	392,580
Realised gains and losses	31,831	119,653
Fair value gains and losses	(12,588)	(46,096)
Fee and commission income	131,060	120,208
Other operating income	<u>42,654</u>	<u>23,742</u>
<b>Other revenue</b>	<u>635,393</u>	<u>610,087</u>
Gross benefits and claims paid	(1,336,063)	(1,155,289)
Claims ceded to reinsurers	16,110	6,605
Gross change in contract liabilities	(981,810)	(896,644)
Change in contract liabilities ceded to reinsurers	<u>14,175</u>	<u>(671)</u>
<b>Net claims</b>	<u>(2,287,588)</u>	<u>(2,045,999)</u>
Fee and commission expense	(529,568)	(502,406)
Depreciation of property and equipment	(5,918)	(6,431)
Management expenses	(254,329)	(216,184)
Other operating expenses	<u>(48,528)</u>	<u>(46,296)</u>
<b>Other expenses</b>	<u>(838,343)</u>	<u>(771,317)</u>
<b>Profit before taxation</b>	306,364	344,981
Taxation	<u>(95,436)</u>	<u>(102,018)</u>
<b>Net profit/Total comprehensive income for the period</b>	<u>210,928</u>	<u>242,963</u>
<b>Earnings per share (sen)</b>		
Basic	<u>210.93</u>	<u>242.96</u>

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

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## Condensed statement of changes in equity For the 6 months period ended 30 June 2015 (Unaudited)

	Share capital RM'000	Retained earnings			Total equity RM'000
		Non-Distributable* RM'000	Distributable RM'000	Total RM'000	
<b>At 1 January 2014</b>	100,000	780,086	546,526	1,326,612	1,426,612
Net profit/Total comprehensive income for the period	-	238,005	4,958	242,963	242,963
Dividends paid during the period	-	-	(213,000)	(213,000)	(213,000)
<b>At 30 June 2014</b>	100,000	1,018,091	338,484	1,356,575	1,456,575

	Share capital RM'000	Retained earnings			Total equity RM'000
		Non-Distributable* RM'000	Distributable RM'000	Total RM'000	
<b>At 1 January 2015</b>	100,000	779,880	524,180	1,304,060	1,404,060
Net profit/Total comprehensive income for the period	-	203,413	7,515	210,928	210,928
Dividends paid during the period	-	-	(133,000)	(133,000)	(133,000)
<b>At 30 June 2015</b>	100,000	983,293	398,695	1,381,988	1,481,988

\* Non-distributable retained earnings comprises of the surplus from non-participating life insurance business net of deferred tax. This amount is only distributable upon the annual recommendation by the Appointed Actuary to transfer the Life fund surplus to the Shareholder's fund.

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

# Prudential Assurance Malaysia Berhad

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## Condensed statement of cash flows For the 6 months period ended 30 June 2015 (Unaudited)

	6 months period ended 30.06.2015 RM'000	6 months period ended 30.06.2014 RM'000
<b>Cash flows from operating activities</b>		
Profit before taxation	306,364	344,981
Adjustments for:		
Gain on disposal of property and equipment	-	(580)
Fair value loss on investments	12,588	46,096
Depreciation of property and equipment	5,918	6,431
Property and equipment written off	-	45
	<hr/>	<hr/>
<b>Operating gain before changes in working capital</b>	324,870	396,973
Changes in operating assets and liabilities:		
Investments	(1,035,057)	(1,013,993)
Reinsurance assets	(916)	776
Insurance receivables	(696)	(7,706)
Other receivables	(52,701)	(5,274)
Insurance contract liabilities	999,481	939,998
Provisions	14,400	18,657
Insurance payables	(10,502)	(10,127)
Other payables	(10,137)	(34,343)
	<hr/>	<hr/>
<b>Cash generated from operations</b>	228,742	284,961
Tax paid	<hr/> (72,528)	<hr/> (77,537)
<b>Net cash from operating activities</b>	.....156,214.....	.....207,424.....
<b>Cash flows from investing activities</b>		
Acquisition of property and equipment	(29,946)	(12,365)
Proceeds from disposal of property and equipment	-	2,533
	<hr/>	<hr/>
<b>Net cash used in investing activities</b>	.....(29,946).....	.....(9,832).....
<b>Cash flows from financing activity</b>		
Dividend paid to owners of the Company	<hr/> (133,000)	<hr/> (213,000)
<b>Net cash used in financing activity</b>	.....(133,000).....	.....(213,000).....
<b>Net decrease in cash and bank balances</b>	(6,732)	(15,408)
<b>Cash and bank balances at beginning of period</b>	<hr/> 34,262	<hr/> 33,543
<b>Cash and bank balances at end of period</b>	<hr/> <u>27,530</u>	<hr/> <u>18,135</u>

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

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## Notes to the condensed interim financial statements

### 1. Basis of preparation

#### Statement of compliance

These condensed interim financial statements of the Company are unaudited and have been prepared in accordance with MFRS 134/IAS 34, *Interim Financial Reporting*. They do not include all of the information required for full annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended 31 December 2014.

The accounting policies and presentation adopted by the Company for the condensed interim financial statements are consistent with those adopted in the Company's audited financial statements for the financial year ended 31 December 2014, except for the adoption of the following:

#### ***MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2014***

- Amendments to MFRS 13, *Fair Value Measurement (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to MFRS 116, *Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 124, *Related Party Disclosures (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 140, *Investment Property (Annual Improvements 2011-2013 Cycle)*

The initial application of the abovementioned standards, amendments and interpretations do not have any material impacts to the current and prior periods financial statements upon their first adoption.

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## **2. Comments on seasonality or cyclicity**

The business operations of the Company were not significantly affected by seasonality or cyclical factors for the period under review.

## **3. Unusual item affecting assets, liabilities, equity, net income or cash flows**

There were no items affecting assets, liabilities, equity, net income or cash flows which are unusual because of their nature, size or incidence in the current interim period ended 30 June 2015.

## **4. Changes in estimates**

There were no material changes in the basis used for accounting estimates for the current interim period ended 30 June 2015.

## **5. Issues, repurchases and repayments of debt and equity securities**

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities by the Company in the current interim period ended 30 June 2015.

## **6. Events after the interim period**

There were no material events after the interim period that have not been reflected in the condensed interim financial statements for the interim period.

## **7. Effect of changes in the composition of the Company**

There were no changes in the composition of the Company during the period under review.

## **8. Changes in contingent liabilities or contingent assets**

There were no material changes in the Company's contingent liabilities and contingent assets since the last annual balance sheet date.

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## 9. Investments

	30.06.2015 RM'000	31.12.2014 RM'000
Malaysian government securities	773,722	750,753
Debt securities	8,726,757	8,236,702
Equity securities	9,060,820	8,917,572
Unit and property trust funds	426,023	424,623
Foreign managed fund	1,004,332	889,950
Investment in structured products	40,838	101,840
Loans	559,626	553,490
Deposits with financial institutions	2,322,676	2,017,395
	<u>22,914,794</u>	<u>21,892,325</u>

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

	30.06.2015 RM'000	31.12.2014 RM'000
Loans and receivables ("LAR")	2,882,302	2,570,885
Held-for-trading ("HFT")	20,032,492	19,321,440
	<u>22,914,794</u>	<u>21,892,325</u>

The following investments mature after 12 months:

	30.06.2015 RM'000	31.12.2014 RM'000
LAR	-	3,193
HFT	9,092,963	8,430,315
	<u>9,092,963</u>	<u>8,433,508</u>

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## 9. Investments (continued)

(a) LAR	30.06.2015	31.12.2014
	RM'000	RM'000
<b>Amortised cost</b>		
Fixed and call deposits with financial institutions	2,322,676	2,017,395
Policy loans	534,972	532,744
Mortgage loans	927	1,332
Unsecured loans	23,727	19,414
	<u>2,882,302</u>	<u>2,570,885</u>
(b) HFT	30.06.2015	31.12.2014
	RM'000	RM'000
<b>Fair value</b>		
Malaysian government securities	773,722	750,753
Debt securities	8,726,757	8,236,702
Equity securities	9,060,820	8,917,572
Unit and property trust funds	426,023	424,623
Foreign managed fund	1,004,332	889,950
Investment in structured products	40,838	101,840
	<u>20,032,492</u>	<u>19,321,440</u>

## 10. Reinsurance assets

	Note	30.06.2015	31.12.2014
		RM'000	RM'000
Reinsurance of insurance contracts – current	11	<u>17,505</u>	<u>16,589</u>

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## 11. Insurance contract liabilities

	Note	Gross RM'000	30.06.2015 Reinsurance RM'000	Net RM'000	Gross RM'000	31.12.2014 Reinsurance RM'000	Net RM'000
Life insurance	11(a)	20,727,563	(14,314)	20,713,249	19,726,037	(13,101)	19,712,936
General insurance	11(b)	79,003	(3,191)	75,812	81,048	(3,488)	77,560
		<u>20,806,566</u>	<u>(17,505)</u>	<u>20,789,061</u>	<u>19,807,085</u>	<u>(16,589)</u>	<u>19,790,496</u>
			Note 10			Note 10	

### (a) Life insurance

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

	Gross RM'000	30.06.2015 Reinsurance RM'000	Net RM'000	Gross RM'000	31.12.2014 Reinsurance RM'000	Net RM'000
Actuarial liabilities	8,346,887	(14,314)	8,332,573	7,710,122	(13,101)	7,697,021
Net asset value attributable to unit holders	11,991,565	-	11,991,565	11,660,167	-	11,660,167
Provision for outstanding claims	389,111	-	389,111	355,748	-	355,748
	<u>20,727,563</u>	<u>(14,314)</u>	<u>20,713,249</u>	<u>19,726,037</u>	<u>(13,101)</u>	<u>19,712,936</u>

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## 11. Insurance contract liabilities (continued)

### (a) Life insurance (continued)

	Non Par RM'000	Par RM'000	Unit Reserves RM'000	Non-Unit Reserves RM'000	Claim Liabilities RM'000	Total RM'000
<b>At 1 January 2014</b>	328,208	6,281,960	10,979,123	188,525	278,043	18,055,859
Valuation premiums	298,059	-	-	-	-	298,059
Premium received, net of reinsurance	-	1,006,497	1,713,849	(29,293)	-	2,691,053
Fees deducted from account balances of investment-linked contracts	-	-	(146,918)	-	-	(146,918)
Liabilities released for payments on death, surrender and other terminations	(339,361)	(402,845)	(900,603)	(9,595)	(1,418,050)	(3,070,454)
Claims incurred during the year	-	-	-	71,277	1,495,755	1,567,032
Accretion of interest	7,264	-	-	17,283	-	24,547
Other movements	(26,422)	-	-	22,797	-	(3,625)
New business	88,881	-	-	5,133	-	94,014
Change in valuation basis	55,401	-	-	27,057	-	82,458
Investment income	-	304,810	-	-	-	304,810
Expenses: Operating						
- Commission and agency expenses	-	(124,244)	-	-	-	(124,244)
- Management expenses	-	(73,712)	-	-	-	(73,712)
Other income	-	(1,011)	-	-	-	(1,011)
Movement in tax	-	(22,864)	-	-	-	(22,864)
Changes in unit prices	-	-	14,716	-	-	14,716
Policyholder's liability	48,483	-	-	-	-	48,483
Transfer to shareholder's fund	-	(25,267)	-	-	-	(25,267)
<b>At 31 December 2014</b>	<b>460,513</b>	<b>6,943,324</b>	<b>11,660,167</b>	<b>293,184</b>	<b>355,748</b>	<b>19,712,936</b>

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## 11. Insurance contract liabilities (continued)

### (a) Life insurance (continued)

	Non Par RM'000	Par RM'000	Unit Reserves RM'000	Non-Unit Reserves RM'000	Claim Liabilities RM'000	Total RM'000
<b>At 1 January 2015</b>	460,513	6,943,324	11,660,167	293,184	355,748	19,712,936
Valuation premiums	151,559	-	-	-	-	151,559
Premium received, net of reinsurance	-	553,651	877,169	(16,412)	-	1,414,408
Fees deducted from account balances of investment-linked contracts	-	-	(77,242)	-	-	(77,242)
Liabilities released for payments on death, surrender and other terminations	(105,958)	(233,507)	(555,893)	(9,427)	(559,316)	(1,464,101)
Claims incurred during the period	-	-	-	46,862	592,679	639,541
Accretion of interest	4,648	-	-	9,549	-	14,197
Other movements	-	-	-	14,227	-	14,227
New business	9,867	-	-	1,885	-	11,752
Change in valuation basis	25,539	-	-	766	-	26,305
Investment income	-	169,682	-	-	-	169,682
Expenses: Operating						
- Commission and agency expenses	-	(63,815)	-	-	-	(63,815)
- Management expenses	-	(52,447)	-	-	-	(52,447)
Other income	-	128,664	-	-	-	128,664
Movement in tax	-	(24,376)	-	-	-	(24,376)
Changes in unit prices	-	-	87,364	-	-	87,364
Policyholder's liability	24,595	-	-	-	-	24,595
<b>At 30 June 2015</b>	<b>570,763</b>	<b>7,421,176</b>	<b>11,991,565</b>	<b>340,634</b>	<b>389,111</b>	<b>20,713,249</b>

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## 11. Insurance contract liabilities (continued)

### (b) General insurance

	Note	Gross RM'000	30.06.2015 Reinsurance RM'000	Net RM'000	Gross RM'000	31.12.2014 Reinsurance RM'000	Net RM'000
Provision for claims reported by policyholders		37,951	(2,101)	35,850	37,042	(2,240)	34,802
Provision for incurred but not reported claims ("IBNR")		25,133	-	25,133	25,498	-	25,498
Provision for outstanding claims	(i)	63,084	(2,101)	60,983	62,540	(2,240)	60,300
Provision for unearned premiums	(ii)	15,919	(1,090)	14,829	18,508	(1,248)	17,260
		79,003	(3,191)	75,812	81,048	(3,488)	77,560

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## 11. Insurance contract liabilities (continued)

### (b) General insurance (continued)

#### (i) Provision for outstanding claims

	<b>Gross RM'000</b>	<b>30.06.2015 Reinsurance RM'000</b>	<b>Net RM'000</b>	<b>Gross RM'000</b>	<b>31.12.2014 Reinsurance RM'000</b>	<b>Net RM'000</b>
<b>At 1 January 2015/2014</b>	62,540	(2,240)	60,300	51,637	(2,333)	49,304
Claims incurred in the current accident period/year	9,910	(414)	9,496	29,948	(1,114)	28,834
Claims paid during the period/year	(9,366)	553	(8,813)	(19,045)	1,207	(17,838)
<b>At 30 June 2015/31 December 2014</b>	<u>63,084</u>	<u>(2,101)</u>	<u>60,983</u>	<u>62,540</u>	<u>(2,240)</u>	<u>60,300</u>

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## 11. Insurance contract liabilities (continued)

### (b) General insurance (continued)

#### (ii) Provision for unearned premiums

	<b>Gross RM'000</b>	<b>30.06.2015 Reinsurance RM'000</b>	<b>Net RM'000</b>	<b>Gross RM'000</b>	<b>31.12.2014 Reinsurance RM'000</b>	<b>Net RM'000</b>
<b>At 1 January 2015/2014</b>	18,508	(1,248)	17,260	18,503	(1,292)	17,211
Premiums written during the period/year	14,211	(1,471)	12,740	37,152	(3,692)	33,460
Premiums earned during the period/year	(16,800)	1,629	(15,171)	(37,147)	3,736	(33,411)
<b>At 30 June 2015/31 December 2014</b>	<b>15,919</b>	<b>(1,090)</b>	<b>14,829</b>	<b>18,508</b>	<b>(1,248)</b>	<b>17,260</b>

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## 12. Regulatory capital requirements

The capital structure of the Company as at 30 June 2015, as prescribed under Bank Negara Malaysia's Risk Based Capital Framework for Insurers is provided below:

	<b>30.06.2015</b>	<b>31.12.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Eligible Tier 1 Capital</b>		
Share capital (paid-up)	100,000	100,000
Reserves, including retained earnings	1,707,697	1,564,020
	<u>1,807,697</u>	<u>1,664,020</u>
<b>Deduction</b>		
Intangible assets and deferred tax assets	232	1,030
	<u>232</u>	<u>1,030</u>
<b>Total capital available</b>	<u>1,807,465</u>	<u>1,662,990</u>

## 13. Capital commitments

	<b>30.06.2015</b>	<b>31.12.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Capital expenditure		
Approved and contracted for:		
Property and equipment	<u>2,351</u>	<u>2,168</u>

## 14. Dividends

In the current interim period ended 30 June 2015, the Company paid a final single tier dividend of 133% totalling RM133 million for the year ended 31 December 2014 on 19 June 2015.

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## 15. Related party disclosures

The significant related party transactions and balances of the Company are as follows:

	<b>6 months period ended 30.06.2015 RM'000</b>	<b>6 months period ended 30.06.2014 RM'000</b>
<b>Transactions:</b>		
Outsourcing fees and other charges		
- Prudential Services Asia Sdn Bhd	18,351	11,688
Recharge expenses		
- Prudential Holdings Ltd	7,929	10,017
Recharge income		
- Prudential BSN Takaful Berhad	(28,043)	(18,597)
Management fees		
- Eastspring Investments Berhad	24,570	24,130
	<u>30.06.2015</u>	<u>31.12.2014</u>
	<b>RM'000</b>	<b>RM'000</b>
<b>Balances:</b>		
Amount due to related companies:		
- Prudential Services Asia Sdn Bhd	(3,992)	(2,060)
- Prudential Holdings Ltd	(7,124)	(25,465)
- Eastspring Investments Berhad	(18,337)	(13,515)
- Pru Life UK	(365)	(262)
- Prudential Plc	-	(25)
- Eastspring Investment (Singapore) Ltd	(46)	-
- Prudential Services Singapore Pte Ltd	(48)	-
Amount due from related companies:		
- Prudential BSN Takaful Berhad	27,332	9,643
- CITIC-Prudential Life Insurance Co Ltd	185	174

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## 16. Insurance funds

The Company's activities are organised by funds and segregated into the Life, General and Shareholder's funds in accordance with the Financial Services Act 2013.

The statement of financial position and statement of profit or loss and other comprehensive income have been further analysed by funds and the Shareholder's and General Funds have been presented together as one fund.

The life insurance business offers a wide range of participating and non-participating Whole Life, Term Assurance, Endowment and Annuity products, as well as investment-linked products.

The general insurance business offers general insurance products which include Motor, Fire and Personal Accidents products.

### Condensed statement of financial position by funds as at 30 June 2015 - unaudited

	Shareholder's and General funds		Life fund		Elimination*		Total	
	30.06.2015 RM'000	31.12.2014 RM'000	30.06.2015 RM'000	31.12.2014 RM'000	30.06.2015 RM'000	31.12.2014 RM'000	30.06.2015 RM'000	31.12.2014 RM'000
<b>Assets</b>								
Property and equipment	626	680	155,206	131,124	-	-	155,832	131,804
Investments	547,787	295,648	22,367,007	21,596,677	-	-	22,914,794	21,892,325
Reinsurance assets	3,191	3,488	14,314	13,101	-	-	17,505	16,589
Insurance receivables	-	-	45,710	45,014	-	-	45,710	45,014
Other receivables	21,323	446,291	146,771	136,732	127,379	(340,251)	295,473	242,772
Tax recoverable	82,161	36,056	27,875	18,863	-	-	110,036	54,919
Cash and bank balances	2,317	2,649	25,213	31,613	-	-	27,530	34,262
<b>Total assets</b>	<b>657,405</b>	<b>784,812</b>	<b>22,782,096</b>	<b>21,973,124</b>	<b>127,379</b>	<b>(340,251)</b>	<b>23,566,880</b>	<b>22,417,685</b>

# Prudential Assurance Malaysia Berhad

(Company No. 107655-U)  
(Incorporated in Malaysia)

## 16. Insurance funds (continued)

Condensed statement of financial position by funds as at 30 June 2015 - unaudited (continued)

	Shareholder's and General funds		Life fund		Elimination*		Total	
	30.06.2015 RM'000	31.12.2014 RM'000	30.06.2015 RM'000	31.12.2014 RM'000	30.06.2015 RM'000	31.12.2014 RM'000	30.06.2015 RM'000	31.12.2014 RM'000
<b>Equity, policyholders' funds and liabilities</b>								
<b>Total equity</b>	498,695	624,180	983,293	779,880	-	-	1,481,988	1,404,060
Insurance contract liabilities	79,003	81,048	20,727,563	19,726,037	-	-	20,806,566	19,807,085
Deferred taxation	210	(739)	501,888	434,863	-	-	502,098	434,124
Provisions	73,712	74,629	117,885	102,568	-	-	191,597	177,197
Insurance payables	599	903	306,371	316,569	-	-	306,970	317,472
Tax payable	1,283	862	41,936	32,306	-	-	43,219	33,168
Other payables	3,903	3,929	103,160	580,901	127,379	(340,251)	234,442	244,579
<b>Total liabilities</b>	158,710	160,632	21,798,803	21,193,244	127,379	(340,251)	22,084,892	21,013,625
<b>Total equity, policyholders' funds and liabilities</b>	657,405	784,812	22,782,096	21,973,124	127,379	(340,251)	23,566,880	22,417,685

\*Refers to elimination of Interfund balances.

# Prudential Assurance Malaysia Berhad

(Company No. 107655-U)

(Incorporated in Malaysia)

## 16. Insurance funds (continued)

Condensed statement of profit or loss and other comprehensive income by funds for the 6 months period ended 30 June 2015 – unaudited

	Shareholder's and General funds		Life fund		Total	
	6 months period ended 30.06.2015	6 months period ended 30.06.2014	6 months period ended 30.06.2015	6 months period ended 30.06.2014	6 months period ended 30.06.2015	6 months period ended 30.06.2014
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Operating revenue</b>	21,753	23,787	3,260,755	2,961,284	3,282,508	2,985,071
Gross premiums	16,800	19,209	2,825,861	2,573,230	2,842,661	2,592,439
Premiums ceded to reinsurers	(1,629)	(1,881)	(44,130)	(38,348)	(45,759)	(40,229)
<b>Net premiums</b>	15,171	17,328	2,781,731	2,534,882	2,796,902	2,552,210
Investment income	7,542	4,525	434,894	388,055	442,436	392,580
Realised gains and losses	(79)	-	31,910	119,653	31,831	119,653
Fair value gains and losses	838	(819)	(13,426)	(45,277)	(12,588)	(46,096)
Fee and commission income	-	-	131,060	120,208	131,060	120,208
Other operating income	32,132	22,398	10,522	1,344	42,654	23,742
<b>Other revenue</b>	40,433	26,104	594,960	583,983	635,393	610,087
Gross benefits and claims paid	(9,366)	(8,121)	(1,326,697)	(1,147,168)	(1,336,063)	(1,155,289)
Claims ceded to reinsurers	553	884	15,557	5,721	16,110	6,605
Gross change in contract liabilities	(544)	(6,524)	(981,266)	(890,120)	(981,810)	(896,644)
Change in contract liabilities ceded to reinsurers	(139)	(671)	14,314	-	14,175	(671)
<b>Net claims</b>	(9,496)	(14,432)	(2,278,092)	(2,031,567)	(2,287,588)	(2,045,999)

# Prudential Assurance Malaysia Berhad

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## 16. Insurance funds (continued)

Condensed statement of profit or loss and other comprehensive income by funds for the 6 months period ended 30 June 2015 – unaudited (continued)

	Shareholder's and General funds		Life fund		Total	
	6 months period ended 30.06.2015 RM'000	6 months period ended 30.06.2014 RM'000	6 months period ended 30.06.2015 RM'000	6 months period ended 30.06.2014 RM'000	6 months period ended 30.06.2015 RM'000	6 months period ended 30.06.2014 RM'000
Fee and commission expense	(2,168)	(2,819)	(527,400)	(499,587)	(529,568)	(502,406)
Depreciation of property and equipment	(65)	(54)	(5,853)	(6,377)	(5,918)	(6,431)
Management expenses	(5,796)	(2,012)	(248,533)	(214,172)	(254,329)	(216,184)
Other operating expenses	(28,043)	(18,795)	(20,485)	(27,501)	(48,528)	(46,296)
<b>Other expenses</b>	<b>(36,072)</b>	<b>(23,680)</b>	<b>(802,271)</b>	<b>(747,637)</b>	<b>(838,343)</b>	<b>(771,317)</b>
<b>Profit before taxation</b>	<b>10,036</b>	<b>5,320</b>	<b>296,328</b>	<b>339,661</b>	<b>306,364</b>	<b>344,981</b>
Taxation	(2,521)	(362)	(92,915)	(101,656)	(95,436)	(102,018)
<b>Net profit/Total comprehensive income for the period</b>	<b>7,515</b>	<b>4,958</b>	<b>203,413</b>	<b>238,005</b>	<b>210,928</b>	<b>242,963</b>

# Prudential Assurance Malaysia Berhad

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## 16. Insurance funds (continued)

### Investment-linked funds

Condensed statement of financial position as at 30 June 2015 (unaudited)

	30.06.2015 RM'000	31.12.2014 RM'000
<b>Assets</b>		
Investments	12,182,279	11,834,477
Other receivables	(12,020)	11,149
Cash and bank balances	503	677
<b>Total assets</b>	<u>12,170,762</u>	<u>11,846,303</u>
<b>Liabilities</b>		
Deferred taxation	136,512	149,444
Tax payable	31,171	23,014
Other payables	11,514	13,678
<b>Total liabilities</b>	<u>179,197</u>	<u>186,136</u>
<b>Net asset value of funds</b>	<u>11,991,565</u>	<u>11,660,167</u>

# Prudential Assurance Malaysia Berhad

(Company No. 107655-U)

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## 16. Insurance funds (continued)

### Investment-linked funds (continued)

Condensed statement of profit or loss and other comprehensive income  
For the 6 months period ended 30 June 2015 (unaudited)

	6 months period ended 30.06.2015 RM'000	6 months period ended 30.06.2014 RM'000
Investment income	208,199	192,758
Realised gains and losses	32,839	38,341
Fair value gains and losses	(161,556)	49,476
Fee and commission income	23,366	21,075
Other operating income	8,707	80
	<hr/>	<hr/>
	111,555	301,730
Gross change in contract liabilities	(10,124)	(190,485)
Fee and commission expense	(106,035)	(97,157)
Other operating expenses	-	(3,029)
	<hr/>	<hr/>
<b>Profit before taxation</b>	(4,604)	11,059
Taxation	4,604	(11,059)
	<hr/>	<hr/>
<b>Net profit/Total comprehensive income for the period</b>	-	-

# Prudential Assurance Malaysia Berhad

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## 17. Fair value information

The carrying amount of fixed and call deposits with financial institutions, policy loans, mortgage loans, unsecured loans, cash and bank balances, short-term receivables and short-term payables reasonably approximate their fair value due to relatively short-term nature of these financial instruments.

The table below analyses financial instruments carried at fair value by valuation hierarchy. There is no financial instruments not carried at fair value for which fair value is disclosed during the financial period.

	Financial instruments carried at fair value			Total fair value	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	RM'000	RM'000
<b>30 June 2015</b>					
<b>Financial assets</b>					
Malaysian government securities	-	773,722	-	773,722	773,722
Debt securities	-	8,726,757	-	8,726,757	8,726,757
Equity securities	9,055,524	-	5,296	9,060,820	9,060,820
Unit and property trust funds	426,023	-	-	426,023	426,023
Foreign managed fund	-	1,004,332	-	1,004,332	1,004,332
Investment in structured products	1,383	39,455	-	40,838	40,838
	<u>9,482,930</u>	<u>10,544,266</u>	<u>5,296</u>	<u>20,032,492</u>	<u>20,032,492</u>

# Prudential Assurance Malaysia Berhad

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## 17. Fair value information (continued)

	Financial instruments carried at fair value			Total fair value RM'000	Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		
<b>31 December 2014</b>					
<b>Financial assets</b>					
Malaysian government securities	-	750,753	-	750,753	750,753
Debt securities	-	8,236,702	-	8,236,702	8,236,702
Equity securities	8,912,276	-	5,296	8,917,572	8,917,572
Unit and property trust funds	424,623	-	-	424,623	424,623
Foreign managed fund	-	889,950	-	889,950	889,950
Investment in structured products	1,377	40,293	60,170	101,840	101,840
	<u>9,338,276</u>	<u>9,917,698</u>	<u>65,466</u>	<u>19,321,440</u>	<u>19,321,440</u>

# Prudential Assurance Malaysia Berhad

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## 17. Fair value information (continued)

### Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities

Level 1 principally includes exchange listed equities, mutual funds with quoted prices and exchange traded derivatives such as futures and options, unless there is evidence that trading in a given instrument is so infrequent that the market could not possibly be considered active. It also includes other financial instruments (including net assets attributable to unit holders of consolidated unit trusts and similar funds) where there is clear evidence that the period/year end valuation is based on a traded price in an active market.

### Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 2 principally includes corporate bonds, foreign managed fund, national and non-national government debt securities which are valued using observable inputs, together with over-the-counter derivatives such as forward exchange contracts and non-quoted investment funds valued with observable inputs. It also includes net assets attributable to unit holders of consolidated unit trusts and similar funds and investment contract liabilities that are valued using observable inputs.

There has been no transfer between Level 1 and 2 fair values during the current interim period ended 30 June 2015 (30 June 2014: no transfer in either directions).

### Level 3: Significant inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Level 3 principally includes investment in private equity funds, investments in property funds which are exposed to bespoke properties or risks, investment which are internally valued or subject to a significant number of unobservable assumptions and certain derivatives which are bespoke or long dated. It also includes debt securities which are rarely traded or traded in only privately negotiated transactions and where it is difficult to assert that these have been based on observable market data. The inherent nature of the vast majority of these assets means that, in normal market conditions, there is unlikely to be significant change in the specific underlying assets classified as Level 3.

Financial assets measured at fair value based on Level 3:

	Unquoted equity securities RM'000	Investment in structured products RM'000	Total RM'000
<b>At 1 January 2014</b>	5,296	59,189	64,485
Disposals	-	(1,026)	(1,026)
Fair value gains	-	2,007	2,007
<b>At 31 December 2014/1 January 2015</b>	5,296	60,170	65,466
Maturities	-	(57,889)	(57,889)
Fair value losses	-	(2,281)	(2,281)
<b>At 30 June 2015</b>	5,296	-	5,296

# Prudential Assurance Malaysia Berhad

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## Statement by Directors

In the opinion of the Directors, the condensed interim financial statements set out on pages 1 to 25 are drawn up in accordance with MFRS 134/IAS 34, *Interim Financial Reporting* so as to present fairly the financial position of the Company as at 30 June 2015 and of its financial performance and cash flows for the period then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors:

.....  
**Dato' Dr Gan Khuan Poh @ Gan Miew Chee**

.....  
**Abdul Khalil bin Abdul Hamid**

Kuala Lumpur,

Date: 18 August 2015