



**Prudential Assurance  
Malaysia Berhad**

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

**Unaudited Condensed Interim  
Financial Statements  
For The Half-Year Ended  
30 June 2016  
(In Ringgit Malaysia)**

# Prudential Assurance Malaysia Berhad

(Company No. 107655-U)

(Incorporated in Malaysia)

<b><u>Contents</u></b>	<b><u>Page</u></b>
Condensed statement of financial position - unaudited	1
Condensed statement of profit or loss and other comprehensive income - unaudited	2
Condensed statement of changes in equity - unaudited	3
Condensed statement of cash flows - unaudited	4
Notes to the condensed interim financial statements	5 - 24
Statement by Directors	25

# Prudential Assurance Malaysia Berhad

(Company No. 107655-U)

(Incorporated in Malaysia)

## Condensed statement of financial position As at 30 June 2016 (Unaudited)

	Note	30.06.2016 RM'000	31.12.2015 RM'000
<b>Assets</b>			
Property and equipment		219,004	185,254
Investments	9	24,924,854	24,241,649
Reinsurance assets	10	18,265	13,136
Insurance receivables		42,491	40,765
Other receivables		350,372	350,113
Tax recoverable		157,361	82,163
Cash and bank balances		19,031	22,770
<b>Total assets</b>		<b>25,731,378</b>	<b>24,935,850</b>
<b>Equity, policyholders' funds and liabilities</b>			
Share capital		100,000	100,000
Retained earnings		1,574,933	1,759,335
<b>Total equity</b>		<b>1,674,933</b>	<b>1,859,335</b>
Insurance contract liabilities	11	22,647,684	21,695,662
Deferred taxation		536,972	490,278
Provisions		228,469	206,565
Insurance payables		361,270	362,530
Tax payable		26,910	16,758
Other payables		255,140	304,722
<b>Total liabilities</b>		<b>24,056,445</b>	<b>23,076,515</b>
<b>Total equity, policyholders' funds and liabilities</b>		<b>25,731,378</b>	<b>24,935,850</b>

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

# Prudential Assurance Malaysia Berhad

(Company No. 107655-U)

(Incorporated in Malaysia)

## Condensed statement of profit or loss and other comprehensive income For the 6 months period ended 30 June 2016 (Unaudited)

	<b>6 months period ended 30.06.2016 RM'000</b>	<b>6 months period ended 30.06.2015 RM'000</b>
<b>Operating revenue</b>	<u>3,549,674</u>	<u>3,285,097</u>
Gross earned premiums	3,059,344	2,842,661
Premiums ceded to reinsurers	<u>(47,963)</u>	<u>(45,759)</u>
<b>Net earned premiums</b>	<u>3,011,381</u>	<u>2,796,902</u>
Investment income	490,330	442,436
Realised gains and losses	(14,549)	31,831
Fair value gains and losses	(135,660)	(12,588)
Fee and commission income	136,886	131,060
Other operating income	<u>40,980</u>	<u>42,654</u>
<b>Other revenue</b>	<u>517,987</u>	<u>635,393</u>
Gross benefits and claims paid	(1,340,944)	(1,336,063)
Claims ceded to reinsurers	11,339	16,110
Gross change in contract liabilities	(1,031,026)	(981,810)
Change in contract liabilities ceded to reinsurers	<u>5,244</u>	<u>14,175</u>
<b>Net benefits and claims</b>	<u>(2,355,387)</u>	<u>(2,287,588)</u>
Fee and commission expense	(556,898)	(529,568)
Depreciation of property and equipment	(8,612)	(5,918)
Management expenses	(289,781)	(254,329)
Other operating expenses	<u>(45,799)</u>	<u>(48,528)</u>
<b>Other expenses</b>	<u>(901,090)</u>	<u>(838,343)</u>
<b>Profit before taxation</b>	272,891	306,364
Taxation	<u>(77,293)</u>	<u>(95,436)</u>
<b>Net profit/Total comprehensive income for the period</b>	<u>195,598</u>	<u>210,928</u>
<b>Earnings per share (sen)</b>		
Basic	<u>195.60</u>	<u>210.93</u>

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

# Prudential Assurance Malaysia Berhad

(Company No. 107655-U)

(Incorporated in Malaysia)

## Condensed statement of changes in equity For the 6 months period ended 30 June 2016 (Unaudited)

Note	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	14 -	-	(133,000)	(133,000)	(133,000)
<b>At 30 June 2015</b>	100,000	983,293	398,695	1,381,988	1,481,988

	Share capital RM'000	Retained earnings			Total equity RM'000
		Non-Distributable* RM'000	Distributable RM'000	Total RM'000	
<b>At 1 January 2016</b>	100,000	1,007,335	752,000	1,759,335	1,859,335
Net profit/Total comprehensive income for the period	-	179,107	16,491	195,598	195,598
Dividends paid during the period	14 -	-	(380,000)	(380,000)	(380,000)
<b>At 30 June 2016</b>	100,000	1,186,442	388,491	1,574,933	1,674,933

\* 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 requisite amount of 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

(Company No. 107655-U)

(Incorporated in Malaysia)

## Condensed statement of cash flows For the 6 months period ended 30 June 2016 (Unaudited)

	6 months period ended 30.06.2016 RM'000	6 months period ended 30.06.2015 RM'000
<b>Cash flows from operating activities</b>		
Profit before taxation	272,891	306,364
Adjustments for:		
Gain on disposal of property and equipment	(1)	-
Fair value loss on investments	135,660	12,588
Depreciation of property and equipment	8,612	5,918
Property and equipment written off	103	-
	<u>417,265</u>	<u>324,870</u>
<b>Operating gain before changes in working capital</b>	417,265	324,870
Changes in operating assets and liabilities:		
Investments	(818,865)	(1,035,057)
Reinsurance assets	(5,129)	(916)
Insurance receivables	(1,726)	(696)
Other receivables	(259)	(52,701)
Insurance contract liabilities	952,022	999,481
Provisions	21,904	14,400
Insurance payables	(1,260)	(10,502)
Other payables	(49,582)	(10,137)
	<u>514,370</u>	<u>228,742</u>
<b>Cash generated from operations</b>	514,370	228,742
Tax paid	(95,645)	(72,528)
	<u>418,725</u>	<u>156,214</u>
<b>Net cash from operating activities</b>	418,725	156,214
<b>Cash flows from investing activities</b>		
Acquisition of property and equipment	(42,467)	(29,946)
Proceeds from disposal of property and equipment	3	-
	<u>(42,464)</u>	<u>(29,946)</u>
<b>Net cash used in investing activities</b>	(42,464)	(29,946)
<b>Cash flows from financing activity</b>		
Dividend paid to owners of the Company	(380,000)	(133,000)
	<u>(380,000)</u>	<u>(133,000)</u>
<b>Net cash used in financing activity</b>	(380,000)	(133,000)
<b>Net decrease in cash and bank balances</b>	(3,739)	(6,732)
<b>Cash and bank balances at beginning of period</b>	<u>22,770</u>	<u>34,262</u>
<b>Cash and bank balances at end of period</b>	<u>19,031</u>	<u>27,530</u>

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

# Prudential Assurance Malaysia Berhad

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

## 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 2015.

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 2015, except for the adoption of the following:

***MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016***

- Amendments to MFRS 5, *Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 7, *Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 101, *Presentation of Financial Statements – Disclosure Initiative*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 138, *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRS 119, *Employee Benefits (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)*

The initial application of the abovementioned amendments did not have any material impact to the current and prior periods financial statements upon their first adoption.

# **Prudential Assurance Malaysia Berhad**

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

## **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 2016.

## **4. Changes in estimates**

There were no material changes in the basis used for accounting estimates for the current interim period ended 30 June 2016.

## **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 2016.

## **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.

# Prudential Assurance Malaysia Berhad

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

## 9. Investments

	<b>30.06.2016</b>	<b>31.12.2015</b>
	<b>RM'000</b>	<b>RM'000</b>
Malaysian government securities	818,404	741,830
Debt securities	9,866,718	9,249,905
Equity securities	9,901,874	9,615,422
Unit and property trust funds	479,623	426,195
Foreign managed funds	998,812	1,063,107
Investment in structured products	9,088	9,731
Loans	593,512	577,735
Deposits with financial institutions	2,256,823	2,557,724
	<u>24,924,854</u>	<u>24,241,649</u>

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

	<b>30.06.2016</b>	<b>31.12.2015</b>
	<b>RM'000</b>	<b>RM'000</b>
Loans and receivables ("LAR")	2,850,335	3,135,459
Held-for-trading ("HFT")	22,074,519	21,106,190
	<u>24,924,854</u>	<u>24,241,649</u>

The following investments mature after 12 months:

	<b>30.06.2016</b>	<b>31.12.2015</b>
	<b>RM'000</b>	<b>RM'000</b>
LAR	2,949	2,917
HFT	10,248,716	9,684,822
	<u>10,251,665</u>	<u>9,687,739</u>

# Prudential Assurance Malaysia Berhad

(Company No. 107655-U)

(Incorporated in Malaysia)

## 9. Investments (continued)

### (a) LAR

	<b>30.06.2016</b>	<b>31.12.2015</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Amortised cost</b>		
Fixed and call deposits with financial institutions	2,256,823	2,557,724
Policy loans	561,910	549,882
Mortgage loans	635	898
Unsecured loans	30,967	26,955
	<u>2,850,335</u>	<u>3,135,459</u>

### (b) HFT

	<b>30.06.2016</b>	<b>31.12.2015</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Fair value</b>		
Malaysian government securities	818,404	741,830
Debt securities	9,866,718	9,249,905
Equity securities	9,901,874	9,615,422
Unit and property trust funds	479,623	426,195
Foreign managed funds	998,812	1,063,107
Investment in structured products	9,088	9,731
	<u>22,074,519</u>	<u>21,106,190</u>

## 10. Reinsurance assets

	<b>Note</b>	<b>30.06.2016</b>	<b>31.12.2015</b>
		<b>RM'000</b>	<b>RM'000</b>
Reinsurance of insurance contracts – current	11	<u>18,265</u>	<u>13,136</u>

# Prudential Assurance Malaysia Berhad

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

## 11. Insurance contract liabilities

	Note	Gross RM'000	30.06.2016 Reinsurance RM'000	Net RM'000	Gross RM'000	31.12.2015 Reinsurance RM'000	Net RM'000
Life insurance	11(a)	22,580,937	(13,184)	22,567,753	21,617,020	(10,439)	21,606,581
General insurance	11(b)	66,747	(5,081)	61,666	78,642	(2,697)	75,945
		<u>22,647,684</u>	<u>(18,265)</u>	<u>22,629,419</u>	<u>21,695,662</u>	<u>(13,136)</u>	<u>21,682,526</u>
			Note 10			Note 10	

### (a) Life insurance

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

	Gross RM'000	30.06.2016 Reinsurance RM'000	Net RM'000	Gross RM'000	31.12.2015 Reinsurance RM'000	Net RM'000
Actuarial liabilities	9,410,706	(13,184)	9,397,522	8,639,813	(10,439)	8,629,374
Net asset value attributable to unit holders	12,733,275	-	12,733,275	12,464,157	-	12,464,157
Provision for outstanding claims	436,956	-	436,956	513,050	-	513,050
	<u>22,580,937</u>	<u>(13,184)</u>	<u>22,567,753</u>	<u>21,617,020</u>	<u>(10,439)</u>	<u>21,606,581</u>

# Prudential Assurance Malaysia Berhad

(Company No. 107655-U)

(Incorporated in Malaysia)

## 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	289,172	-	-	-	-	289,172
Premium received, net of reinsurance	-	1,161,642	1,727,157	(34,204)	-	2,854,595
Fees deducted from account balances of investment-linked contracts	-	-	(154,809)	-	-	(154,809)
Liabilities released for payments on death, surrender and other terminations	(209,296)	(499,040)	(1,064,903)	(15,122)	(1,224,451)	(3,012,812)
Claims incurred during the year	-	-	-	88,108	1,381,753	1,469,861
Accretion of interest	4,754	-	-	9,846	-	14,600
Other movements	-	-	-	16,061	-	16,061
New business	85,846	-	-	5,694	-	91,540
Change in valuation basis	(73,281)	-	-	(68,523)	-	(141,804)
Investment income	-	351,948	-	-	-	351,948
Expenses: Operating						
- Commission and agency expenses	-	(136,462)	-	-	-	(136,462)
- Management expenses	-	(122,840)	-	-	-	(122,840)
Other income	-	90,947	-	-	-	90,947
Movement in tax	-	(33,221)	-	-	-	(33,221)
Changes in unit prices	-	-	296,545	-	-	296,545
Policyholders' liability	47,705	-	-	-	-	47,705
Transfer to shareholder's fund	-	(27,381)	-	-	-	(27,381)
<b>At 31 December 2015</b>	<b>605,413</b>	<b>7,728,917</b>	<b>12,464,157</b>	<b>295,044</b>	<b>513,050</b>	<b>21,606,581</b>

# Prudential Assurance Malaysia Berhad

(Company No. 107655-U)

(Incorporated in Malaysia)

## 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 2016</b>	605,413	7,728,917	12,464,157	295,044	513,050	21,606,581
Valuation premiums	161,117	-	-	-	-	161,117
Premium received, net of reinsurance	-	638,258	794,849	(18,901)	-	1,414,206
Fees deducted from account balances of investment-linked contracts	-	-	(79,886)	-	-	(79,886)
Liabilities released for payments on death, surrender and other terminations	(109,991)	(264,777)	(479,250)	(9,267)	(861,065)	(1,724,350)
Claims incurred during the year	-	-	-	48,888	784,971	833,859
Accretion of interest	5,446	-	-	6,196	-	11,642
Other movements	-	-	-	9,216	-	9,216
New business	160,415	-	-	2,344	-	162,759
Change in valuation basis	43,219	-	-	25,439	-	68,658
Investment income	-	189,391	-	-	-	189,391
Expenses: Operating						
- Commission and agency expenses	-	(77,463)	-	-	-	(77,463)
- Management expenses	-	(66,881)	-	-	-	(66,881)
Other income	-	18,515	-	-	-	18,515
Movement in tax	-	(16,002)	-	-	-	(16,002)
Changes in unit prices	-	-	33,405	-	-	33,405
Policyholders' liability	22,986	-	-	-	-	22,986
Transfer to shareholder's fund	-	-	-	-	-	-
<b>At 30 June 2016</b>	<b>888,605</b>	<b>8,149,958</b>	<b>12,733,275</b>	<b>358,959</b>	<b>436,956</b>	<b>22,567,753</b>

# Prudential Assurance Malaysia Berhad

(Company No. 107655-U)

(Incorporated in Malaysia)

## 11. Insurance contract liabilities (continued)

### (b) General insurance

	Note	Gross RM'000	30.06.2016 Reinsurance RM'000	Net RM'000	Gross RM'000	31.12.2015 Reinsurance RM'000	Net RM'000
Provision for claims reported by policyholders		42,333	(4,127)	38,206	38,311	(1,628)	36,683
Provision for incurred but not reported claims ("IBNR")		13,291	-	13,291	26,298	-	26,298
Provision for outstanding claims	(i)	55,624	(4,127)	51,497	64,609	(1,628)	62,981
Provision for unearned premiums	(ii)	11,123	(954)	10,169	14,033	(1,069)	12,964
		66,747	(5,081)	61,666	78,642	(2,697)	75,945

# Prudential Assurance Malaysia Berhad

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

## 11. Insurance contract liabilities (continued)

### (b) General insurance (continued)

#### (i) Provision for outstanding claims

	<b>Gross RM'000</b>	<b>30.06.2016 Reinsurance RM'000</b>	<b>Net RM'000</b>	<b>Gross RM'000</b>	<b>31.12.2015 Reinsurance RM'000</b>	<b>Net RM'000</b>
<b>At 1 January 2016/2015</b>	64,609	(1,628)	62,981	62,540	(2,240)	60,300
Claims incurred in the current accident period/year	(1,080)	(2,707)	(3,787)	19,274	(532)	18,742
Claims paid during the period/year	(7,905)	208	(7,697)	(17,205)	1,144	(16,061)
<b>At 30 June 2016/31 December 2015</b>	<u>55,624</u>	<u>(4,127)</u>	<u>51,497</u>	<u>64,609</u>	<u>(1,628)</u>	<u>62,981</u>

# Prudential Assurance Malaysia Berhad

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

## 11. Insurance contract liabilities (continued)

### (b) General insurance (continued)

#### (ii) Provision for unearned premiums

	<b>Gross RM'000</b>	<b>30.06.2016 Reinsurance RM'000</b>	<b>Net RM'000</b>	<b>Gross RM'000</b>	<b>31.12.2015 Reinsurance RM'000</b>	<b>Net RM'000</b>
<b>At 1 January 2016/2015</b>	14,033	(1,069)	12,964	18,508	(1,248)	17,260
Premiums written during the period/year	12,203	(1,319)	10,884	28,413	(3,001)	25,412
Premiums earned during the period/year	(15,113)	1,434	(13,679)	(32,888)	3,180	(29,708)
<b>At 30 June 2016/31 December 2015</b>	<b>11,123</b>	<b>(954)</b>	<b>10,169</b>	<b>14,033</b>	<b>(1,069)</b>	<b>12,964</b>

# Prudential Assurance Malaysia Berhad

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

## 12. Regulatory capital requirements

The capital structure of the Company as at 30 June 2016, as prescribed under Bank Negara Malaysia's Risk Based Capital Framework for Insurers is provided below:

	<b>30.06.2016</b>	<b>31.12.2015</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	1,937,330	2,077,443
	<u>2,037,330</u>	<u>2,177,443</u>
<b>Deduction</b>		
Intangible assets and deferred tax assets	98	428
	<u>2,037,232</u>	<u>2,177,015</u>

## 13. Capital commitments

	<b>30.06.2016</b>	<b>31.12.2015</b>
	<b>RM'000</b>	<b>RM'000</b>
Capital expenditure		
Approved and contracted for:		
Property and equipment	3,973	5,752

## 14. Dividends

In prior 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.

In the current interim period ended 30 June 2016, the Company paid a final single tier dividend of 380% totalling RM380 million for the year ended 31 December 2015 on 31 May 2016.

# Prudential Assurance Malaysia Berhad

(Company No. 107655-U)

(Incorporated in Malaysia)

## 15. Related party disclosures

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

	<b>6 months period ended 30.06.2016 RM'000</b>	<b>6 months period ended 30.06.2015 RM'000</b>
<b>Transactions:</b>		
Outsourcing fees and other charges		
- Prudential Services Asia Sdn Bhd	23,985	18,351
Recharge expenses		
- Prudential Holdings Limited	10,345	7,929
Recharge income		
- Prudential BSN Takaful Berhad	(32,263)	(28,043)
Management fees		
- Eastspring Investments Berhad	30,600	24,570
	<b>30.06.2016 RM'000</b>	<b>31.12.2015 RM'000</b>
<b>Balances:</b>		
Amount due to related companies:		
- Prudential Services Asia Sdn Bhd	(9,545)	(2,267)
- Prudential Holdings Limited	(6,081)	(9,632)
- Eastspring Investments Berhad	(10,669)	(10,404)
- Pru Life Insurance Corporation of UK	(336)	(169)
- Prudential Plc	-	(226)
- Eastspring Investment (Singapore) Limited	-	(29)
- Prudential Services Singapore Pte Ltd	-	(53)
Amount due from related companies:		
- Prudential BSN Takaful Berhad	42,419	28,594

# Prudential Assurance Malaysia Berhad

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

## 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 condensed statement of financial position and condensed 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 2016 - unaudited

	Shareholder's and General funds		Life fund		Elimination*		Total	
	30.06.2016 RM'000	31.12.2015 RM'000	30.06.2016 RM'000	31.12.2015 RM'000	30.06.2016 RM'000	31.12.2015 RM'000	30.06.2016 RM'000	31.12.2015 RM'000
<b>Assets</b>								
Property and equipment	516	568	218,488	184,686	-	-	219,004	185,254
Investments	459,549	556,954	24,465,305	23,684,695	-	-	24,924,854	24,241,649
Reinsurance assets	5,081	2,697	13,184	10,439	-	-	18,265	13,136
Insurance receivables	-	-	42,491	40,765	-	-	42,491	40,765
Other receivables	34,459	381,883	227,889	112,124	88,024	(143,894)	350,372	350,113
Tax recoverable	136,233	68,749	21,128	13,414	-	-	157,361	82,163
Cash and bank balances	2,278	2,154	16,753	20,616	-	-	19,031	22,770
<b>Total assets</b>	<b>638,116</b>	<b>1,013,005</b>	<b>25,005,238</b>	<b>24,066,739</b>	<b>88,024</b>	<b>(143,894)</b>	<b>25,731,378</b>	<b>24,935,850</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 2016 - unaudited (continued)

	Shareholder's and General funds		Life fund		Elimination*		Total	
	30.06.2016 RM'000	31.12.2015 RM'000	30.06.2016 RM'000	31.12.2015 RM'000	30.06.2016 RM'000	31.12.2015 RM'000	30.06.2016 RM'000	31.12.2015 RM'000
<b>Equity, policyholders' funds and liabilities</b>								
<b>Total equity</b>	488,493	852,000	1,186,440	1,007,335	-	-	1,674,933	1,859,335
Insurance contract liabilities	66,747	78,642	22,580,937	21,617,020	-	-	22,647,684	21,695,662
Deferred taxation	221	70	536,751	490,208	-	-	536,972	490,278
Provisions	70,712	72,124	157,757	134,441	-	-	228,469	206,565
Insurance payables	870	870	360,400	361,660	-	-	361,270	362,530
Tax payable	6,338	2,514	20,572	14,244	-	-	26,910	16,758
Other payables	4,735	6,785	162,381	441,831	88,024	(143,894)	255,140	304,722
<b>Total liabilities</b>	149,623	161,005	23,818,798	23,059,404	88,024	(143,894)	24,056,445	23,076,515
<b>Total equity, policyholders' funds and liabilities</b>	638,116	1,013,005	25,005,238	24,066,739	88,024	(143,894)	25,731,378	24,935,850

\* 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 2016 – unaudited

	Shareholder's and General funds		Life fund		Total	
	6 months period ended 30.06.2016	6 months period ended 30.06.2015	6 months period ended 30.06.2016	6 months period ended 30.06.2015	6 months period ended 30.06.2016	6 months period ended 30.06.2015
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Operating revenue</b>	27,666	24,342	3,522,008	3,260,755	3,549,674	3,285,097
Gross earned premiums	15,113	16,800	3,044,231	2,825,861	3,059,344	2,842,661
Premiums ceded to reinsurers	(1,434)	(1,629)	(46,529)	(44,130)	(47,963)	(45,759)
<b>Net earned premiums</b>	13,679	15,171	2,997,702	2,781,731	3,011,381	2,796,902
Investment income	12,553	7,542	477,777	434,894	490,330	442,436
Realised gains and losses	(4)	(79)	(14,545)	31,910	(14,549)	31,831
Fair value gains and losses	741	838	(136,401)	(13,426)	(135,660)	(12,588)
Fee and commission income	-	-	136,886	131,060	136,886	131,060
Other operating income	35,623	32,132	5,357	10,522	40,980	42,654
<b>Other revenue</b>	48,913	40,433	469,074	594,960	517,987	635,393
Gross benefits and claims paid	(7,905)	(9,366)	(1,333,039)	(1,326,697)	(1,340,944)	(1,336,063)
Claims ceded to reinsurers	208	553	11,131	15,557	11,339	16,110
Gross change in contract liabilities	8,985	(544)	(1,040,011)	(981,266)	(1,031,026)	(981,810)
Change in contract liabilities ceded to reinsurers	2,499	(139)	2,745	14,314	5,244	14,175
<b>Net benefits and claims</b>	3,787	(9,496)	(2,359,174)	(2,278,092)	(2,355,387)	(2,287,588)

# 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 2016 – unaudited (continued)

	Shareholder's and General funds		Life fund		Total	
	6 months period ended 30.06.2016 RM'000	6 months period ended 30.06.2015 RM'000	6 months period ended 30.06.2016 RM'000	6 months period ended 30.06.2015 RM'000	6 months period ended 30.06.2016 RM'000	6 months period ended 30.06.2015 RM'000
Fee and commission expense	(1,828)	(2,168)	(555,070)	(527,400)	(556,898)	(529,568)
Depreciation of property and equipment	(55)	(65)	(8,557)	(5,853)	(8,612)	(5,918)
Management expenses	(11,661)	(5,796)	(278,120)	(248,533)	(289,781)	(254,329)
Other operating expenses	(30,193)	(28,043)	(15,606)	(20,485)	(45,799)	(48,528)
<b>Other expenses</b>	<b>(43,737)</b>	<b>(36,072)</b>	<b>(857,353)</b>	<b>(802,271)</b>	<b>(901,090)</b>	<b>(838,343)</b>
<b>Profit before taxation</b>	<b>22,642</b>	<b>10,036</b>	<b>250,249</b>	<b>296,328</b>	<b>272,891</b>	<b>306,364</b>
Taxation	(6,151)	(2,521)	(71,142)	(92,915)	(77,293)	(95,436)
<b>Net profit/Total comprehensive income for the period</b>	<b>16,491</b>	<b>7,515</b>	<b>179,107</b>	<b>203,413</b>	<b>195,598</b>	<b>210,928</b>

# Prudential Assurance Malaysia Berhad

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

## 16. Insurance funds (continued)

### Investment-linked funds

#### Condensed statement of financial position as at 30 June 2016 (unaudited)

	30.06.2016 RM'000	31.12.2015 RM'000
<b>Assets</b>		
Investments	12,843,332	12,685,957
Other receivables	47,601	(51,371)
Cash and bank balances	419	673
<b>Total assets</b>	<u>12,891,352</u>	<u>12,635,259</u>
<b>Liabilities</b>		
Deferred taxation	123,941	138,203
Tax payable	19,758	13,826
Other payables	14,378	19,073
<b>Total liabilities</b>	<u>158,077</u>	<u>171,102</u>
<b>Net asset value of funds</b>	<u>12,733,275</u>	<u>12,464,157</u>

#### Condensed statement of profit or loss and other comprehensive income For the 6 months period ended 30 June 2016 (unaudited)

	6 months period ended 30.06.2016 RM'000	6 months period ended 30.06.2015 RM'000
Investment income	220,618	208,199
Realised gains and losses	(14,376)	32,839
Fair value gains and losses	(178,308)	(161,556)
Fee and commission income	24,523	23,366
Other operating income	3,176	8,707
	<u>55,633</u>	<u>111,555</u>
Gross change in contract liabilities	46,477	(10,124)
Fee and commission expense	(110,331)	(106,035)
<b>Profit before taxation</b>	<u>(8,221)</u>	<u>(4,604)</u>
Taxation	8,221	4,604
<b>Net profit/Total comprehensive income for the period</b>	<u>-</u>	<u>-</u>

# Prudential Assurance Malaysia Berhad

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

## 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 RM'000	Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		
<b>30 June 2016</b>					
<b>Financial assets</b>					
Malaysian government securities	-	818,404	-	818,404	818,404
Debt securities	-	9,866,718	-	9,866,718	9,866,718
Equity securities	9,896,578	-	5,296	9,901,874	9,901,874
Unit and property trust funds	479,623	-	-	479,623	479,623
Foreign managed funds	-	998,812	-	998,812	998,812
Investment in structured products	1,410	7,678	-	9,088	9,088
	<u>10,377,611</u>	<u>11,691,612</u>	<u>5,296</u>	<u>22,074,519</u>	<u>22,074,519</u>

# Prudential Assurance Malaysia Berhad

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

## 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 2015</b>					
<b>Financial assets</b>					
Malaysian government securities	-	741,830	-	741,830	741,830
Debt securities	-	9,249,905	-	9,249,905	9,249,905
Equity securities	9,610,126	-	5,296	9,615,422	9,615,422
Unit and property trust funds	426,195	-	-	426,195	426,195
Foreign managed funds	-	1,063,107	-	1,063,107	1,063,107
Investment in structured products	1,385	8,346	-	9,731	9,731
	<u>10,037,706</u>	<u>11,063,188</u>	<u>5,296</u>	<u>21,106,190</u>	<u>21,106,190</u>

# Prudential Assurance Malaysia Berhad

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

## 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 funds, 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 2016 (30 June 2015: 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 2015</b>	5,296	60,170	65,466
Maturities	-	(57,889)	(57,889)
Fair value losses	-	(2,281)	(2,281)
<b>At 31 December 2015/1 January 2016/ 30 June 2016</b>	<b>5,296</b>	<b>-</b>	<b>5,296</b>

# Prudential Assurance Malaysia Berhad

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

## Statement by Directors

In the opinion of the Directors, the condensed interim financial statements set out on pages 1 to 24 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 2016 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: 25 August 2016