

**MPI Generali Insurans Berhad**

(Company No. 14730-X)

(Incorporated in Malaysia)

**Unaudited Interim Financial Statements**

**For The Financial Period from**

**1 January 2017 to 30 June 2017**

14730-X

**MPI Generali Insurans Berhad  
(Incorporated in Malaysia)**

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**MPI Generali Insurans Berhad**  
(Incorporated in Malaysia)

**Unaudited Statement of Financial Position**  
**As at 30 June 2017**

	Note	Group		Company	
		30.6.2017 RM'000	2016 RM'000	30.6.2017 RM'000	2016 RM'000
<b>ASSETS</b>					
Property and equipment		8,127	7,938	8,127	7,938
Investment properties	10	7,782	7,862	7,782	7,862
Intangible assets	11	2,720	3,158	2,720	3,158
Investment securities	12	1,019,236	976,516	953,979	912,940
Loans	13	15	15	15	15
Reinsurance assets	14	375,650	381,056	375,650	381,056
Insurance receivables	15	172,503	145,356	172,503	145,356
Other receivables	16	76,896	68,414	73,467	64,947
Cash and bank balances	17	9,785	19,447	9,299	19,228
Deferred tax assets		936	1,549	936	1,549
<b>Total assets</b>		<b>1,673,650</b>	<b>1,611,311</b>	<b>1,604,478</b>	<b>1,544,049</b>
<b>EQUITY AND LIABILITIES</b>					
Share capital	18	100,000	100,000	100,000	100,000
Share premium		200	200	200	200
Retained earnings		386,751	366,360	378,746	360,770
Fair value reserve		(8,390)	(9,166)	(4,160)	(6,098)
Shareholders' equity		478,561	457,394	474,786	454,872
Non-controlling interest		65,303	64,627	-	-
<b>Total equity</b>		<b>543,864</b>	<b>522,021</b>	<b>474,786</b>	<b>454,872</b>
Insurance contract liabilities	19	931,579	916,361	931,579	916,361
Insurance payables	20	153,923	121,808	153,924	121,808
Tax payable		7,351	7,478	7,351	7,478
Deferred tax liabilities		-	-	-	-
Other payables	21	36,933	43,643	36,838	43,530
<b>Total liabilities</b>		<b>1,129,786</b>	<b>1,089,290</b>	<b>1,129,692</b>	<b>1,089,177</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,673,650</b>	<b>1,611,311</b>	<b>1,604,478</b>	<b>1,544,049</b>

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

**MPI Generali Insurans Berhad**  
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**Unaudited Income Statement**  
**For the year ended 30 June 2017**

	Note	Group		Company	
		30.6.2017 RM'000	30.6.2016 RM'000	30.6.2017 RM'000	30.6.2016 RM'000
Gross earned premium		314,177	307,892	314,177	307,892
Premiums ceded to reinsurers		(102,658)	(117,125)	(102,658)	(117,125)
<b>Net earned premiums</b>		<u>211,519</u>	<u>190,767</u>	<u>211,519</u>	<u>190,767</u>
Investment income		21,630	19,538	19,282	18,068
Realised gains		5,257	6,499	4,342	5,609
Commission income		21,038	20,562	21,038	20,562
Other operating revenue		(2,243)	3,798	(2,177)	3,968
<b>Other revenue</b>		<u>45,682</u>	<u>50,397</u>	<u>42,485</u>	<u>48,207</u>
Gross claims paid	19	(161,096)	(156,203)	(161,096)	(156,203)
Claims ceded to reinsurers	19	43,652	66,040	43,652	66,040
Gross change to contract liabilities	19	(22,233)	(10,805)	(22,233)	(10,805)
Change in contract liabilities ceded to reinsurers	19	(100)	(17,367)	(100)	(17,367)
<b>Net claims incurred</b>		<u>(139,777)</u>	<u>(118,335)</u>	<u>(139,777)</u>	<u>(118,335)</u>
Commission expenses		(42,843)	(41,420)	(42,843)	(41,420)
Management expenses		(47,839)	(48,027)	(47,732)	(47,902)
<b>Other expenses</b>		<u>(90,682)</u>	<u>(89,447)</u>	<u>(90,575)</u>	<u>(89,322)</u>
<b>Profit before taxation</b>		26,742	33,382	23,652	31,317
Taxation		(5,677)	(7,516)	(5,677)	(7,516)
<b>Net profit for the year</b>		<u>21,065</u>	<u>25,866</u>	<u>17,975</u>	<u>23,801</u>
<b>Earnings per share (sen)</b>					
Basic and diluted		<u>21.1</u>	<u>25.9</u>		

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

**MPI Generali Insurans Berhad**  
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**Unaudited Statement of Comprehensive Income**  
**For the year ended 30 June 2017**

	Group		Company	
	30.6.2017 RM'000	30.6.2016 RM'000	30.6.2017 RM'000	30.6.2016 RM'000
<b>Net profit for the year</b>	21,065	25,866	17,975	23,801
<b>Other comprehensive loss:</b>				
<b>Items that are or may be reclassified subsequently to profit or loss</b>				
Fair value reserves				
Net gain/(loss) arising during the year	6,645	1,349	6,893	367
Net realised gains transferred to income statements	(5,257)	(6,323)	(4,342)	(5,608)
	1,388	(4,974)	2,551	(5,241)
Tax effects	(612)	1,334	(612)	1,334
	776	(3,640)	1,939	(3,907)
<b>Total comprehensive income for the year</b>	<b>21,841</b>	<b>22,226</b>	<b>19,914</b>	<b>19,894</b>
<b>Profit attributable to:</b>				
Owners of the parent	20,391	25,449	17,976	23,801
Non-controlling interest	675	417	-	-
	21,066	25,866	17,976	23,801
<b>Total comprehensive income attributable to:</b>				
Owners of the parent	21,167	21,809	19,914	19,894
Non-controlling interest	675	417	-	-
	21,842	22,226	19,914	19,894

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

**MPI Generali Insurans Berhad**  
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**Unaudited Statement of Changes in Equity**  
**For the year ended 30 June 2017**

Group	Share	Non-Distributable	Distributable	Shareholder's	Non-	Total	
	capital	Share	Fair value	Retained	controlling		Equity
	RM'000	premium	reserves	earnings	interest	RM'000	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>At 1 January 2016</b>	100,000	200	(738)	301,982	401,444	62,288	463,732
Fair value reserves							
Net gain arising during the year	-	-	1,902	-	1,902	-	1,902
Net realised gains transferred to income statements	-	-	(10,329)	-	(10,329)	-	(10,329)
Total other comprehensive loss for the year	-	-	(8,427)	-	(8,427)	-	(8,427)
Profit for the year	-	-	-	64,377	64,377	1,687	66,064
Total comprehensive income for the year	-	-	(8,427)	64,377	55,950	1,687	57,637
Creation of units	-	-	-	-	-	3,735	3,735
Cancellation of units	-	-	-	-	-	(3,083)	(3,083)
<b>As 31 December 2016</b>	<b>100,000</b>	<b>200</b>	<b>(9,165)</b>	<b>366,359</b>	<b>457,394</b>	<b>64,627</b>	<b>522,021</b>
<b>At 1 January 2017</b>	100,000	200	(9,165)	366,359	457,394	64,627	522,021
Fair value reserves							
Net gain arising during the year	-	-	6,033	-	847	-	847
Net realised gains transferred to income statements	-	-	(5,257)	-	847	-	847
Total other comprehensive loss for the year	-	-	776	-	776	-	776
Profit for the year	-	-	-	20,391	20,391	675	21,066
Total comprehensive income for the year	-	-	776	20,391	21,167	675	21,842
<b>As 30 June 2017</b>	<b>100,000</b>	<b>200</b>	<b>(8,389)</b>	<b>386,750</b>	<b>478,561</b>	<b>65,302</b>	<b>543,863</b>

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

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**Unaudited Statement of Changes in Equity**  
**For financial year ended 30 June 2017 (cont'd.)**

Company	Non-Distributable		Fair value reserves	Shareholder's Equity	Distributable Retained earnings	Total
	Share capital RM'000	Share premium RM'000				
<b>At 1 January 2016</b>	100,000	200	(1,088)	99,112	301,083	400,195
Fair value reserves						
Net gain arising during the year	-	-	847	847	-	847
Net realised gains transferred to income statements	-	-	(5,857)	(5,857)	-	(5,857)
Total other comprehensive loss for the year	-	-	(5,010)	(5,010)	-	(5,010)
Profit for the year	-	-	-	-	59,687	59,687
Total comprehensive income for the year	-	-	(5,010)	(5,010)	59,687	54,677
<b>As 31 December 2016</b>	<b>100,000</b>	<b>200</b>	<b>(6,098)</b>	<b>94,102</b>	<b>360,770</b>	<b>454,872</b>
<b>At 1 January 2017</b>	100,000	200	(6,098)	94,102	360,770	454,872
Fair value reserves						
Net gain arising during the year	-	-	6,281	6,281	17,976	24,257
Net realised gains transferred to income statements	-	-	(4,342)	(4,342)	-	(4,342)
Total other comprehensive loss for the year	-	-	1,939	1,939	17,976	19,915
Profit for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	-	1,939	1,939	17,976	19,915
<b>As 30 June 2017</b>	<b>100,000</b>	<b>200</b>	<b>(4,159)</b>	<b>96,041</b>	<b>378,746</b>	<b>474,787</b>

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

**MPI Generali Insurans Berhad**  
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**Unaudited Statement of Cash Flows**  
**For the year ended 30 June 2017**

	Group		Company	
	30.6.2017 RM'000	30.6.2016 RM'000	30.6.2017 RM'000	30.6.2016 RM'000
<b>Cash flows from operating activities</b>				
Profit before taxation	26,742	33,382	23,652	31,317
Adjustments for:				
Investment income	(21,556)	(19,469)	(19,208)	(17,999)
Realised gains recorded in profit or loss	(5,192)	(6,428)	(4,342)	(5,608)
Realised gains on disposal of investment properties	-	-	-	-
Depreciation of property and equipment	854	725	854	725
Gain on disposal of property and equipment	1	(1)	1	(1)
Depreciation of investment properties	-	25	-	25
Amortisation of intangible assets	548	522	548	522
Impairment loss on AFS financial assets	4,800	100	4,800	-
Impairment loss on other receivables	-	-	-	-
Allowance for impairment loss on insurance receivables	1,258	1,837	1,258	1,837
Bad debt written off	-	17	-	17
Operating profit before working capital changes	7,455	10,710	7,563	10,835
(Increase)/decrease in LAR	10,526	(29,429)	17,820	(16,930)
Decrease in reinsurance assets	5,406	29,618	5,406	29,618
Decrease/(increase) in insurance receivables	(28,405)	5,326	(28,405)	5,326
Decrease/(increase) in other receivables	(2,551)	(4,152)	(2,551)	(4,152)
(Decrease)/increase in insurance contract liabilities	15,218	10,350	15,218	10,350
(Decrease)/increase in insurance payables	32,116	(24,170)	32,116	(24,170)
Increase/(decrease) in other payables	(6,710)	(7,282)	(6,693)	(8,992)
	33,055	(9,029)	40,474	1,885
Dividend income received	649	1,381	649	1,381
Interest income received	14,129	12,909	12,494	12,473
Income tax paid	(5,803)	(4,962)	(5,804)	(4,962)
Net cash flows generated from operating activities	42,030	299	47,813	10,777



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**Statement of cash flows**  
**For the year ended 30 June 2017 (cont'd.)**

	Group		Company	
	30.6.2017 RM'000	30.6.2016 RM'000	30.6.2017 RM'000	30.6.2016 RM'000
<b>Cash flows from investing activities</b>				
Proceeds from disposal of property and equipment	-	1	-	1
Purchase of property and equipment	(962)	(928)	(962)	(928)
Purchase of intangible assets	(110)	(591)	(110)	(591)
Purchase of AFS financial assets	(115,553)	(88,162)	(87,439)	(27,088)
Proceeds from disposal of investment properties	-	-	-	-
Proceeds from sale of AFS financial assets	84,716	86,278	30,769	11,742
Deposits placed with financial institutions	-	-	-	-
Redemption of fixed income securities	-	-	-	-
Net cash flows generated from/ (used in) investing activities	<u>(31,909)</u>	<u>(3,402)</u>	<u>(57,742)</u>	<u>(16,864)</u>
<b>Cash flows from financing activities</b>				
Proceeds paid to equity holders	(4,783)	1,443	-	-
Proceeds from subscription of units	-	-	-	-
Payments for cancellation of units	<u>(15,000)</u>	<u>(6,805)</u>	<u>-</u>	<u>-</u>
Net cash flows (used in)/ generated from financing activities	<u>(19,783)</u>	<u>(5,362)</u>	<u>-</u>	<u>-</u>
<b>Net increase in cash and cash equivalents</b>	(9,662)	(8,465)	(9,929)	(6,087)
<b>Cash and cash equivalents at beginning of year</b>	<u>19,447</u>	<u>11,503</u>	<u>19,228</u>	<u>8,509</u>
<b>Cash and cash equivalents at end of year</b>	<u>9,785</u>	<u>3,038</u>	<u>9,299</u>	<u>2,422</u>

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

**MPI Generali Insurans Berhad  
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**Notes to the financial statements - 30 June 2017**

**1. Basis of preparation**

The interim financial statements of MPI Generali Insurans Berhad ("the Company") are unaudited and have been prepared in accordance with MFRS 134, Interim Financial Reporting. The interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 December 2016.

The interim financial statements have been prepared on a historical cost basis, except for those financial instruments which have been measured at their fair values and insurance liabilities which have been measured in accordance with the valuation methods specified in the Risk-Based Capital Framework ("RBC Framework") for insurers issued by Bank Negara 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 items affecting assets, liabilities, equities, net income or cash flows**

There were no items affecting assets, liabilities, equities, net income or cash flows which are unusual of their nature, size or incidence in the current interim period ended 30 June 2016.

**4. Changes in estimates**

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

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**Notes to the financial statements - 30 June 2017 (cont'd.)**

**5. Issuances, repurchases and repayments of debt and equity securities**

There were no issuances, repurchases and repayments of debt and equity securities by the Company in the current interim period ended 30 June 2016.

**6. Dividend paid**

There were no dividend paid by the Company in the current interim period ended 30 June 2016.

**7. Events after the interim period**

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

**8. Effect of changes in the composition of the company**

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

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**Notes to the financial statements - 30 June 2017 (cont'd.)**

**9. Changes in contingent liabilities or contingent assets**

The Company does not have any contingent liabilities and contingent assets that may significantly render the financial results as reported misleading or inappropriate.

**10. Investment properties**

	<b>30.6.2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Group and Company</b>		
<b>Cost</b>		
At 1 January 2017/2016	8,063	8,835
Disposals	-	(772)
At 30 June 2017/31 December 2016	<u>8,063</u>	<u>8,063</u>
<b>Accumulated depreciation</b>		
At 1 January 2017/2016	201	151
Charge for the year	80	50
At 30 June 2017/31 December 2016	<u>281</u>	<u>201</u>
<b>Net carrying amount</b>	<u>7,782</u>	<u>7,862</u>
<b>Indicative fair value</b>	<u>9,400</u>	<u>9,400</u>

**11. Intangible assets**

	<b>30.6.2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Group and Company</b>		
<b>Cost</b>		
At 1 January 2017/2016	9,033	7,743
Additions	110	1,290
At 30 June 2017/31 December 2016	<u>9,143</u>	<u>9,033</u>
<b>Accumulated amortisation</b>		
At 1 January 2017/2016	5,875	4,783
Charge for the year	548	1,092
At 30 June 2017/31 December 2016	<u>6,423</u>	<u>5,875</u>
<b>Net carrying amount</b>	<u>2,720</u>	<u>3,158</u>

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**12. Investment securities**

	<b>Group</b>		<b>Company</b>	
	<b>30.6.2017</b>	<b>2016</b>	<b>30.6.2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Malaysian Government Papers	10,003	13,051	-	-
Debt securities	246,460	267,291	-	-
Equity securities	42,063	56,739	42,063	56,739
Unit trust funds	137,847	50,770	349,846	276,312
Commercial Papers	4,990	-	-	-
Deposits with financial institutions	577,873	588,665	562,069	579,889
	<u>1,019,236</u>	<u>976,516</u>	<u>953,978</u>	<u>912,940</u>

The Group's and the Company's investment securities are summarised by categories as follows:

	<b>Group</b>		<b>Company</b>	
	<b>30.6.2017</b>	<b>2016</b>	<b>30.6.2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Available-for-sale financial assets ("AFS")	441,363	387,851	391,909	333,051
Loans and receivables ("LAR")	577,873	588,665	562,069	579,889
	<u>1,019,236</u>	<u>976,516</u>	<u>953,978</u>	<u>912,940</u>

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**12. Investment securities (cont'd.)**

**(a) Available-for-sale financial assets ("AFS")**

	Group		Company	
	30.6.2017 RM'000	2016 RM'000	30.6.2017 RM'000	2016 RM'000
<b>At fair value</b>				
<b>Equity securities</b>				
Quoted in Malaysia	52,778	56,600	52,778	56,600
Quoted outside Malaysia	-	6,054	-	6,054
Allowance for impairment	(10,715)	(5,915)	(10,715)	(5,915)
	42,063	56,739	42,063	56,739
<b>Malaysian Government Papers</b>				
Malaysian Government Securities	10,003	13,051	-	-
<b>Debt securities</b>				
Unquoted in Malaysia	246,460	267,291	-	-
<b>Commercial Papers</b>				
Quoted in Malaysia	4,990	-	-	-
<b>Unit trust funds</b>				
Quoted in Malaysia	137,847	50,770	137,847	50,770
Unquoted in Malaysia	-	-	211,999	225,542
	137,847	50,770	349,846	276,312
	441,363	387,851	391,909	333,051

**Movement of allowance for impairment:**

	Group		Company	
	30.6.2017 RM'000	2016 RM'000	30.6.2017 RM'000	2016 RM'000
At 1 January 2017/2016	5,915	3,207	5,915	3,207
Impairment for the year	4,800	2,708	4,800	2,708
At 30 June 2017/ 31 December 2016	10,715	5,915	10,715	5,915

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**12. Investment securities (cont'd.)**

**(b) Loan and receivables ("LAR")**

	<b>Group</b>		<b>Company</b>	
	<b>30.6.2017</b>	<b>2016</b>	<b>30.6.2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Amortised cost</b>				
Fixed and call deposits with licensed financial institutions	577,873	588,665	562,069	579,889

The carrying amounts of fixed and call deposits approximate fair values due to the relatively short-term nature of these balances and insignificant risk of changes in value.

**(c) Investment in subsidiaries**

In compliance with MFRS 10, the Group's financial statements include unit trust funds which have been consolidated with the Company's financial statements.

Details of these unquoted unit trust funds in Malaysia, at fair value, are as follows:

	<b>Company</b>	
	<b>30.6.2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 January 2017/2016	225,542	226,873
(Disposals)/Additions	(13,542)	(1,331)
At 30 June 2017/31 December 2016	<u>212,000</u>	<u>225,542</u>

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**12. Investment securities (cont'd.)**

**(c) Investment in subsidiaries (cont'd.)**

The subsidiaries of the Company, which are established in Malaysia and held directly by the Company, are as follows:

	Company's effective interest		Principal activities
	30.6.2017 %	2016 %	
Opus Institutional Income Fund 2 ("OPUS IIF2")	68.25	68.73	Wholesale fund
United Institutional Income Fund 2 ("UNITED IIF2")	98.49	98.76	Wholesale fund

The remaining 31.75% (2016: 31.27%) in OPUS IIF2 and 1.51% (2016: 1.24%) in United IIF2 are held by the Company's immediate holding company.

**13. Loans**

	30.6.2017 RM'000	2016 RM'000
<b>Group and Company</b>		
Staff housing loans, secured	15	15
Receivable after 12 months	15	15

The weighted effective interest rate for staff loans as at 30 June 2017 was 5% (2016: 5%) per annum.

The fair value of loans were determined to approximate the carrying amount as these are immaterial in the context of the financial statements.



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**14. Reinsurance assets**

	<b>30.6.2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Group and Company</b>		
Reinsurance of insurance contracts		
Claim liabilities	284,668	284,768
Premium liabilities	90,982	96,288
	<u>375,650</u>	<u>381,056</u>

**15. Insurance receivables**

	<b>30.6.2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Group and Company</b>		
Due premiums including agent/brokers and co-insurers balances	128,628	123,220
Due from reinsurers and cedants	63,928	41,649
Due from related companies	968	249
	<u>193,524</u>	<u>165,118</u>
Allowance for impairment		
- Individual	(18,245)	(16,986)
- Collective	(2,776)	(2,776)
	<u>172,503</u>	<u>145,356</u>

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**16. Other receivables**

	Group		Company	
	30.6.2017 RM'000	2016 RM'000	30.6.2017 RM'000	2016 RM'000
Share of net assets of Malaysian Motor Insurance Pool ("MMIP")	49,771	49,771	49,771	49,771
Income due and accrued	15,985	10,017	15,985	10,017
Deposits and prepayments	1,437	1,572	1,437	1,572
Other receivables	9,703	7,054	6,274	3,587
	<u>76,896</u>	<u>68,414</u>	<u>73,467</u>	<u>64,947</u>

The carrying amounts of other receivables (other than the share of net assets of MMIP) approximate fair values due to the relatively short-term maturity of these balances.

**17. Cash and bank balances**

	Group		Company	
	30.6.2017 RM'000	2016 RM'000	30.6.2017 RM'000	2016 RM'000
Cash and bank balances	<u>9,785</u>	<u>19,447</u>	<u>9,299</u>	<u>19,228</u>

**18. Share capital**

	Number of ordinary shares of RM1 each		Amount	
	30.6.2017 '000	2016 '000	30.6.2017 RM'000	2016 RM'000
<b>Authorised:</b>				
At 1 January/31 December	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
<b>Issued and fully paid up:</b>				
At 1 January/31 December	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>

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**19. Insurance contract liabilities**

<b>Group and Company</b>	<b>2017</b>			<b>2016</b>		
	<b>Gross RM'000</b>	<b>Reinsurance RM'000</b>	<b>Net RM'000</b>	<b>Gross RM'000</b>	<b>Reinsurance RM'000</b>	<b>Net RM'000</b>
Provision for claims reported by policyholders	493,365	(222,482)	270,884	490,452	(236,251)	254,201
Provision for IBNR	157,760	(62,187)	95,573	138,442	(48,517)	89,925
Claim liabilities	651,125	(284,668)	366,457	628,894	(284,768)	344,126
Premium liabilities	280,454	(90,982)	189,472	287,467	(96,288)	191,179
Insurance contract liabilities	931,579	(375,650)	555,929	916,361	(381,056)	535,305

**(i) Claim Liabilities**

<b>At 1 January 2017/2016</b>	628,894	(284,768)	344,126	646,858	(329,785)	317,073
Claims incurred in current accident year	156,996	(51,655)	105,341	317,615	(96,194)	221,421
Claims incurred in prior accident year	7,012	21,773	28,785	11,091	(12,319)	(1,228)
Movement in PRAD of claim liabilities at 75% confidence level	12,496	(10,039)	2,457	8,212	(4,379)	3,833
Movement in claims handling expenses	402		402	(1,249)	-	(1,249)
Adjustment in IBNR	6,421	(3,631)	2,790	1,399	2,479	3,878
Claims paid during the year	(161,096)	43,652	(117,444)	(355,032)	155,430	(199,602)
<b>At 30 June 2017/31 December 2016</b>	651,125	(284,668)	366,457	628,894	(284,768)	344,126

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**19. Insurance contract liabilities (cont'd.)**

<b>Group and Company</b>	<b>2017</b>			<b>2016</b>		
	<b>Gross RM'000</b>	<b>Reinsurance RM'000</b>	<b>Net RM'000</b>	<b>Gross RM'000</b>	<b>Reinsurance RM'000</b>	<b>Net RM'000</b>
<b>(ii) Premium Liabilities</b>						
<b>At 1 January 2017/2016</b>	287,467	(96,288)	191,179	283,023	(104,493)	178,530
Premiums written in the year	307,161	(97,352)	209,809	637,655	(234,160)	403,495
Premiums earned during the year	(314,174)	102,658	(211,516)	(633,211)	242,365	(390,846)
<b>At 30 June 2017/31 December 2016</b>	<b>280,454</b>	<b>(90,982)</b>	<b>189,472</b>	<b>287,467</b>	<b>(96,288)</b>	<b>191,179</b>

As at 30 June 2017, included in insurance contract liabilities of the Group and Company are the Group's and the Company's share of MMIP's claims and premium liabilities amounted to RM36.7 million (2016: RM38.2 million) and RM3.4 million (2016: RM2.4 million), respectively.

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**20. Insurance payables**

	<b>30.6.2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Group and Company</b>		
Due to agents and intermediaries	6,163	4,271
Due to reinsurers and cedants	141,943	117,505
Due to related companies	5,817	32
	<u>153,923</u>	<u>121,808</u>

\* The amounts due to ultimate holding company and related companies are unsecured, non interest bearing and subject to normal credit term of 90 days (2016: 90 days).

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

**21. Other payables**

	<b>Group</b>		<b>Company</b>	
	<b>30.6.2017</b>	<b>2016</b>	<b>30.6.2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Provisions and accruals	14,257	18,766	14,257	18,766
Ultimate holding company *	257	532	257	532
Other payables	22,419	24,345	22,324	24,232
	<u>36,933</u>	<u>43,643</u>	<u>36,838</u>	<u>43,530</u>

\* The amounts due to ultimate holding company are unsecured, non interest bearing and repayable on demand.

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

**22. Capital commitments**

	<b>30.6.2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Group and Company</b>		
Approved and contracted for:		
Computer software and hardware	2,686	391
Property and equipment	3	102
	<u>2,689</u>	<u>493</u>

Due to changes in management's assessment on the valuation, the fair value of non-financial assets were recognised in Level 3 for the first time, as compared to Level 2 in 2014.

There were no transfer between the Level 1 and Level 2 during 2016 and 2015.

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**23. Regulatory capital requirements**

The capital structure of the Company, as prescribed under the RBC Framework is provided below:

	<b>Company</b>	
	<b>30.6.2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Eligible Tier 1 Capital</b>		
Share capital (paid up)	100,000	100,000
Share premium and retained earnings	378,946	360,970
	<u>478,946</u>	<u>460,970</u>
<b>Tier 2 Capital</b>		
Fair value reserves	(4,160)	(6,098)
<b>Amount deducted from Capital</b>		
Intangible assets	(2,720)	(3,158)
Deferred tax expenses	-	230
<b>Total Capital Available</b>	<u>472,066</u>	<u>451,944</u>

The Company is required to comply with the regulatory capital requirements prescribed in the RBC Framework which is imposed by the Ministry of Finance. Under the RBC Framework guidelines issued by Bank Negara Malaysia, insurance companies are required to satisfy a minimum capital adequacy ratio of 130%. As at 30 June 2017, the Company has a capital adequacy ratio in excess of the minimum requirement.

**24. Subsequent events**

- (i) The Malaysia Competition Commission "MYCC" had investigated PIAM (General Insurance Association of Malaysia) together with its 22 members, including the Company, for an alleged infringement of the prohibition under section 4(2)(a) of the Competition Act 2010 ("the Act") for fixing parts trade discount and labour rates for PARS (PIAM Authorised Repairers Scheme) workshops.

On 23 February 2017, the MYCC issued its proposed decision to impose a financial penalty on all 22 general insurance companies amounting to RM213,454,814.

The Company share of the penalty is amounting to RM4,089,138. The MYCC's proposed decision is premised on Section 4(2)(a) of the Act which provides that an agreement with the object to fix, directly or indirectly, a purchase or selling price or any other trading conditions is deemed to have the object of significantly preventing, restricting or distorting the competition in the market.