

**AmGENERAL INSURANCE BERHAD**  
**(44191-P)**  
**(Incorporated in Malaysia)**

**Interim Condensed Financial Statements**  
**For The Period Ended 30 September 2017**

**Company No: 44191-P**

**AmGENERAL INSURANCE BERHAD  
(Incorporated in Malaysia)**

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**AmGENERAL INSURANCE BERHAD**  
(Incorporated in Malaysia)

**INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2017**

|  |             | <b>Unaudited</b>  | <b>Audited</b>    |
|--|-------------|-------------------|-------------------|
|  |             | <b>30.09.2017</b> | <b>31.03.2017</b> |
|  | <b>Note</b> | <b>RM'000</b>     | <b>RM'000</b>     |
| <b>Assets</b>                                  |             |                   |                   |
| Property and equipment                         |             | 39,304            | 44,079            |
| Investment properties                          | 12          | 5,290             | 5,388             |
| Intangible assets                              |             | 67,299            | 61,422            |
| Investments                                    | 13          | 3,849,454         | 3,741,793         |
| Reinsurance assets                             | 14          | 316,354           | 333,532           |
| Insurance receivables                          | 15          | 64,888            | 69,580            |
| Other receivables                              | 16          | 134,153           | 107,975           |
| Deferred tax assets                            |             | 15,403            | 15,939            |
| Tax recoverable                                |             | 25,737            | 52,964            |
| Cash and short-term deposits                   |             | 96,802            | 164,750           |
| Non-current asset held for sale                | 17          | 8,504             | 21,817            |
| <b>Total assets</b>                            |             | <b>4,623,188</b>  | <b>4,619,239</b>  |
| <b>Equity</b>                                  |             |                   |                   |
| Share capital                                  | 18.1        | 1,061,000         | 1,061,000         |
| Available-for-sale ("AFS") fair value reserves |             | 1,467             | (234)             |
| Retained earnings                              |             | 712,022           | 615,795           |
| <b>Total equity</b>                            |             | <b>1,774,489</b>  | <b>1,676,561</b>  |
| <b>Liabilities</b>                             |             |                   |                   |
| Insurance contract liabilities                 | 19          | 2,500,627         | 2,582,425         |
| Other liabilities                              |             | 16,773            | 15,480            |
| Insurance payables                             |             | 83,042            | 84,418            |
| Other payables                                 |             | 228,821           | 241,007           |
| Provision for retirement benefits              |             | 19,436            | 19,348            |
| <b>Total liabilities</b>                       |             | <b>2,848,699</b>  | <b>2,942,678</b>  |
| <b>Total equity and liabilities</b>            |             | <b>4,623,188</b>  | <b>4,619,239</b>  |

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

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AmGENERAL INSURANCE BERHAD  
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**INTERIM CONDENSED INCOME STATEMENT  
FOR THE PERIOD ENDED 30 SEPTEMBER 2017**

|  | <b>Unaudited<br/>01.04.2017<br/>to<br/>30.09.2017<br/>RM'000</b> | <b>Unaudited<br/>01.04.2016<br/>to<br/>30.09.2016<br/>RM'000</b> |
|--|--|--|
| Gross earned premiums                              | 772,206  | 781,059  |
| Earned premiums ceded to reinsurers                | <u>(66,270)</u>  | <u>(63,416)</u>  |
| <b>Net earned premiums</b>                         | <u>705,936</u>   | <u>717,643</u>   |
| Investment income                                  | 85,842   | 74,567   |
| Realised gains and losses                          | 7,304  | 14,057   |
| Fair value gains and losses                        | 2,993  | 8,866  |
| Fees and commission income                         | 15,394   | 15,458   |
| Other operating income                             | 75   | 2,929  |
| <b>Other revenue</b>                               | <u>111,608</u>   | <u>115,877</u>   |
| Gross benefits and claims paid                     | (458,729)  | (575,240)  |
| Claims ceded to reinsurers                         | 35,443   | 141,807  |
| Gross change in contract liabilities               | 24,779   | 81,713   |
| Change in contract liabilities ceded to reinsurers | <u>(13,515)</u>  | <u>(67,058)</u>  |
| <b>Net claims</b>                                  | <u>(412,022)</u>   | <u>(418,778)</u>   |
| Fees and commission expenses                       | (87,154)   | (94,866)   |
| Management expenses                                | (168,718)  | (164,499)  |
| Other operating expenses                           | <u>(460)</u>   | <u>(85)</u>  |
| <b>Other expenses</b>                              | <u>(256,332)</u>   | <u>(259,450)</u>   |
| <b>Profit before taxation</b>                      | 149,190  | 155,292  |
| Taxation   | <u>(27,500)</u>  | <u>(33,393)</u>  |
| <b>Net profit for the period</b>                   | <u>121,690</u>   | <u>121,899</u>   |

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

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AmGENERAL INSURANCE BERHAD  
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**INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 30 SEPTEMBER 2017**

|  | <b>Unaudited<br/>01.04.2017<br/>to<br/>30.09.2017<br/>RM'000</b> | <b>Unaudited<br/>01.04.2016<br/>to<br/>30.09.2016<br/>RM'000</b> |
|--|--|--|
| <b>Net profit for the period</b>   | 121,690  | 121,899  |
| <b>Other comprehensive income/(loss):</b>  |  |  |
| <b><u>Other comprehensive item to be reclassified to the income statement in subsequent periods:</u></b> |  |  |
| Available-for-sale fair value reserve:   |  |  |
| Gain on fair value changes of AFS financial assets   | 7,705  | 1,261  |
| Cumulative impairment losses transferred to the income statement   | 243  | -  |
| Realised gain transferred to the income statement  | (5,710)  | (1,035)  |
|  | 2,238  | 226  |
| Tax effects thereon  | (537)  | (54)   |
|  | <u>1,701</u>   | <u>172</u>   |
| <b>Total comprehensive income for the period</b>   | <u>123,391</u>   | <u>122,071</u>   |
| <b>Earnings per share (sen)</b>  |  |  |
| Basic  | <u>20</u>  | <u>20</u>  |
| Diluted  | <u>19</u>  | <u>19</u>  |

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

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AmGENERAL INSURANCE BERHAD  
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INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 30 SEPTEMBER 2017

|   | <----- Non-distributable ----->           |   |  | Distributable                  |                           |
|---|---|---|--|--------------------------------|---------------------------|
|   | Share<br>capital<br>RM'000<br>(Note 18.1) | Share<br>premium<br>RM'000<br>(Note 18.2) | AFS<br>fair value<br>reserve<br>RM'000 | Retained<br>earnings<br>RM'000 | Total<br>equity<br>RM'000 |
| <b>Unaudited</b>                          |   |   |  |                                |                           |
| <b>At 1 April 2016</b>                    | 646,100                                   | 414,900                                   | 2,703                                  | 450,611                        | 1,514,314                 |
| Net profit for the period                 | -   | -   | -                                      | 121,899                        | 121,899                   |
| Other comprehensive income                | -   | -   | 172                                    | -                              | 172                       |
| Total comprehensive income for the period | -   | -   | 172                                    | 121,899                        | 122,071                   |
| Dividends on INCPS and RNCPS (Note 7)     | -   | -   | -                                      | (25,355)                       | (25,355)                  |
| Executive share scheme                    | -   | -   | -                                      | (23)                           | (23)                      |
| <b>At 30 September 2016</b>               | <b>646,100</b>                            | <b>414,900</b>                            | <b>2,875</b>                           | <b>547,132</b>                 | <b>1,611,007</b>          |
| <b>Unaudited</b>                          |   |   |  |                                |                           |
| <b>At 1 April 2017</b>                    | 1,061,000                                 | -   | (234)                                  | 615,795                        | 1,676,561                 |
| Net profit for the period                 | -   | -   | -                                      | 121,690                        | 121,690                   |
| Other comprehensive income                | -   | -   | 1,701                                  | -                              | 1,701                     |
| Total comprehensive income for the period | -   | -   | 1,701                                  | 121,690                        | 123,391                   |
| Dividends on INCPS and RNCPS (Note 7)     | -   | -   | -                                      | (25,355)                       | (25,355)                  |
| Executive share scheme                    | -   | -   | -                                      | (108)                          | (108)                     |
| <b>At 30 September 2017</b>               | <b>1,061,000</b>                          | <b>-</b>                                  | <b>1,467</b>                           | <b>712,022</b>                 | <b>1,774,489</b>          |

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

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**AmGENERAL INSURANCE BERHAD**  
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**INTERIM CONDENSED STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2017**

|  | <b>Unaudited</b><br><b>01.04.2017</b><br><b>to</b><br><b>30.09.2017</b><br><b>RM'000</b> | <b>Unaudited</b><br><b>01.04.2016</b><br><b>to</b><br><b>30.09.2016</b><br><b>RM'000</b> |
|--|--|--|
| Profit before taxation                                   | 149,190  | 155,292  |
| Adjustments for non-operating and non-cash items         | (83,591)   | (89,391)   |
| Operating profit before working capital changes          | <u>65,599</u>  | <u>65,901</u>  |
| Changes in working capital:                              |  |  |
| Net change in operating assets                           | (14,720)   | (47,138)   |
| Net change in operating liabilities                      | (95,079)   | (178,841)  |
| Tax Paid   | (273)  | (2,731)  |
| Net cash (used in)/generated from operating activities   | <u>(110,072)</u>   | <u>(228,710)</u>   |
| Net cash generated from/(used in) investing activities   | 1,880  | 16,831   |
| Net cash used in financing activities                    | (25,355)   | (25,355)   |
| Net decrease in cash and cash equivalents                | <u>(67,948)</u>  | <u>(171,333)</u>   |
| Cash and cash equivalents at beginning of financial year | <u>164,750</u>   | <u>274,549</u>   |
| Cash and cash equivalents at end of financial period     | <u>96,802</u>  | <u>103,216</u>   |

For purposes of Statements of Cash Flows, Cash and cash equivalents comprise cash and bank balances and deposit and placements maturing within three months ("Cash and short-term deposits")

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS - 30 SEPTEMBER 2017**

**1. CORPORATE INFORMATION**

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office of the Company is located at 22nd Floor, Bangunan AmBank Group, No. 55 Jalan Raja Chulan, 50200 Kuala Lumpur.

The principal place of business of the Company is located at Menara Shell, No. 211 Jalan Tun Sambathan, 50470 Wilayah Persekutuan Kuala Lumpur.

The immediate holding, penultimate holding companies and ultimate holding companies are AmGeneral Holdings Berhad, AMAB Holdings Sdn. Bhd. and AMMB Holdings Berhad ("AMMB"), respectively. All the aforesaid companies are incorporated and domiciled in Malaysia. The ultimate holding company, AMMB is listed on the Main Market of Bursa Malaysia Securities Berhad.

The Company is engaged principally in the underwriting of all classes of general insurance business. There have been no significant changes in the nature of the principal activity of the Company during the financial period.

**2. BASIS OF PREPARATION**

The unaudited interim condensed financial statements of the Company is unaudited and have been prepared in accordance with Malaysian Financial Reporting Standard ("MFRS") 134 - Interim Financial Reporting as issued by Malaysian Accounting Standard Board ("MASB") and International Accounting Standard ("IAS") 34 - Interim Financial Reporting as issued by the International Accounting Standard Boards ("IASB") and the Financial Reporting Guidelines issued by Bank Negara Malaysia.

The unaudited interim condensed financial statements do not include all of the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's audited financial statements for the financial period ended 31 March 2017.



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## **2. BASIS OF PREPARATION (CONT'D)**

The notes attached to the unaudited interim condensed financial statements provide an explanation of events and transactions that are significant to gain an understanding of changes in the financial position and performance of the Company since the financial period ended 31 March 2017.

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

### **Amended Standards and Interpretations**

The significant accounting policies and methods of computation applied in the preparation of the interim condensed financial statements are consistent with those adopted in the preparation of the Company's audited financial statements for the financial period ended 31 March 2017, except for the following:

| <b>MFRSs, Interpretations and amendments</b>   | <b>Effective Date</b> |
|--|-----------------------|
| Amendments to MFRS 107, Statement of Cash Flows<br>– Disclosure Initiative                         | 1 January 2017        |
| Amendments to MFRS 112, Income Taxes – Recognition<br>of Deferred Tax Assets for Unrealised Losses | 1 January 2017        |

The adoption of the above did not have any significant effects on the interim condensed financial statements upon their initial application.

## **3. COMMENTS ON SEASONALITY OR CYCLICALITY**

The business and operations of the Company were not significantly affected by any seasonal or fluctuations during the interim period ended 30 September 2017.

## **4. UNUSUAL ITEMS**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the interim period ended 30 September 2017.

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**5. CHANGE IN ESTIMATES**

There were no changes in the basis used for the accounting estimates for the interim period ended 30 September 2017.

**6. DEBT AND EQUITY SECURITIES**

There were no issuance, repurchase and repayment of debt and equity securities by the Company during the interim financial period ended 30 September 2017.

**7. DIVIDEND**

In the current interim period ended 30 September 2017, the Company paid the following dividend in respect of the financial year ended 31 March 2017.

|  | <b>RM'000</b> |
|--|---------------|
| <b>Irredeemable non-cumulative convertible preference shares ("INCPS"):</b>  |               |
| Dividend of 5.5% per INCPS on 6,100,000 INCPS based on issued price of RM10.00 each declared on 28 July 2017 and paid on 25 September 2017 | 3,355         |
| <b>Redeemable non-cumulative convertible preference shares ("RNCPS"):</b>  |               |
| Dividend of 5.5% per RNCPS on 40,000,000 RNCPS based on issue price RM10.00 each declared on 28 July 2017 and paid on 25 September 2017    | 22,000        |
|  | <u>25,355</u> |

In respect of financial period ended 31 March 2016

|   |               |
|---|---------------|
| <b>INCPS:</b>   |               |
| Dividend of 5.5% per INCPS on 6,100,000 INCPS based on issue price of RM10.00 each declared on 29 June 2016 and paid on 26 September 2016 | 3,355         |
| <b>RNCPS:</b>   |               |
| Dividend of 5.5% per RNCPS on 40,000,000 RNCPS based on issue price RM10.00 each declared on 29 June 2016 and paid on 26 September 2016   | 22,000        |
|   | <u>25,355</u> |

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**8. MATERIAL EVENTS SUBSEQUENT TO THE END OF INTERIM PERIOD**

There were no material events subsequent to the end of interim period.

**9. EFFECT OF CHANGES IN THE COMPOSITION OF THE COMPANY**

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

**10. SIGNIFICANT EVENT**

There were no significant event subsequent to the end of interim period other than as disclosed in Note 26.

**11. CONTINGENT LIABILITIES**

There were no contingent liabilities as at the date of this report since the last financial year ended 31 March 2017.

**AmGENERAL INSURANCE BERHAD**  
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**12. INVESTMENT PROPERTIES**

|  | <b>Unaudited</b><br><b>30.09.2017</b><br><b>RM'000</b> | <b>Audited</b><br><b>31.03.2017</b><br><b>RM'000</b> |
|--|--|--|
| <b>Cost</b>                                      |  |  |
| At 1 April 2017/2016                             | 9,795  | 9,795  |
| Transferred to non-current assets hold for sales | -  | -  |
| At 30 September 2017/ 31 March 2017              | <u>9,795</u>   | <u>9,795</u>   |
| <b>Accumulated depreciation</b>                  |  |  |
| At 1 April 2017/2016                             | 4,407  | 4,211  |
| Charge for the period                            | 98   | 196  |
| At 30 September 2017/31 March 2017               | <u>4,505</u>   | <u>4,407</u>   |
| Carrying amount                                  | <u>5,290</u>   | <u>5,388</u>   |
| <b>Fair value</b>                                | <u>9,200</u>   | <u>9,200</u>   |

The fair value of the properties disclosed above are based on valuations performed on 4 April 2017 by PPC International Sdn Bhd who is an accredited independent valuer. PPC International Sdn Bhd are specialists in valuing these types of properties. The valuation model applied is in accordance with that recommended by the International Valuation Standards Committee and meets the requirements of MFRS 13.

Description of valuation techniques used and key inputs to valuation of the investment properties are as follows:

| <b>Description</b> | <b>Fair value as at 31 March 2017<br/>RM'000</b> | <b>Valuation techniques</b>       | <b>Unobservable inputs</b>  | <b>Range</b>                             |
|--------------------|--|-----------------------------------|---|--|
| Office floors      | 9,200  | Comparison/<br>income<br>approach | Estimated sales value<br>per sq. ft.<br>Estimated rental value<br>per sq. ft. | RM415 to<br>RM472<br>RM2.30 to<br>RM3.50 |

| <b>Description</b> | <b>Fair value as at 31 March 2016<br/>RM'000</b> | <b>Valuation techniques</b>       | <b>Unobservable inputs</b>  | <b>Range</b>                              |
|--------------------|--|-----------------------------------|---|---|
| Office floors      | 9,200  | Comparison/<br>income<br>approach | Estimated sales value<br>per sq. ft.<br>Estimated rental value<br>per sq. ft. | RM390 to<br>RM654<br>RM 3.00 to<br>RM8.50 |

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**12. INVESTMENT PROPERTIES (CONT'D.)**

An increase or decrease in the unobservable inputs used in the valuation might result in a correspondingly higher or lower fair value.

Fair value hierarchy disclosures for investment properties have been provided in Note 24.

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

The amount of rental income and expenses related to investment property recorded in the income statement are as follows:

|  | <b>Unaudited</b><br><b>01.04.2017</b><br>to<br><b>30.09.2017</b><br><b>RM'000</b> | <b>Unaudited</b><br><b>01.04.2016</b><br>to<br><b>30.09.2016</b><br><b>RM'000</b> |
|--|---|---|
| Direct operating expenses (including repairs and maintenance) generating rental income | <u>(44)</u>   | <u>(58)</u>   |

The Company has no restrictions on the realisability of its investment property and no contractual obligations to either purchase, construct or develop investment property.

**13. INVESTMENTS**

|                               | <b>Unaudited</b><br><b>30.09.2017</b><br><b>RM'000</b> | <b>Audited</b><br><b>31.03.2017</b><br><b>RM'000</b> |
|-------------------------------|--|--|
| Equity securities             | 177,110  | 49,487   |
| Unit and property trust funds | 107,358  | 1,380  |
| Loans                         | 1,795  | 2,058  |
| Fixed and call deposits       | 15,163   | 13,435   |
| Investments in subsidiaries:  |  |  |
| Collective investment schemes | 13.5 3,548,028   | 3,536,433  |
| Investments in joint venture: |  |  |
| Collective investment schemes | -  | 139,000  |
|                               | <u>3,849,454</u>                                       | <u>3,741,793</u>                                     |

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

|  | <b>Unaudited</b><br><b>30.09.2017</b><br><b>RM'000</b> | <b>Audited</b><br><b>31.03.2017</b><br><b>RM'000</b> |
|--|--|--|
| Loans and receivables ("LAR")              | 13.1 16,958  | 15,493   |
| Available-for-sale ("AFS")                 | 13.2 1,308,082   | 1,314,040  |
| Fair value through profit & loss ("FVTPL") | 13.3 2,524,414   | 2,412,260  |
|  | <u>3,849,454</u>                                       | <u>3,741,793</u>                                     |

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**13. INVESTMENTS (CONT'D.)**

**13.1 LAR**

|   | <b>Unaudited<br/>30.09.2017<br/>RM'000</b> | <b>Audited<br/>31.03.2017<br/>RM'000</b> |
|---|--|--|
| <b>At amortised cost:</b>                   |  |  |
| Fixed and call deposits with licensed banks | 15,163                                     | 13,435                                   |
| Loans:                                      |  |  |
| Mortgage loans                              | 1,674                                      | 1,938                                    |
| Other loans                                 | 191  | 210                                      |
|   | 1,865                                      | 2,148                                    |
| Allowance for impairment losses             | (70)                                       | (90)                                     |
|   | <u>1,795</u>                               | <u>2,058</u>                             |
|   | <u>16,958</u>                              | <u>15,493</u>                            |

Movement In the provision for impairment losses of LAR:

|                                       |           |           |
|---------------------------------------|-----------|-----------|
| At 1 April 2017/2016                  | 90        | 237       |
| (Reversal)/Charge for the period/year | (20)      | (147)     |
| At 30 September 2017/ 31 March 2017   | <u>70</u> | <u>90</u> |

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

The carrying values of the mortgage loans and other loans are reasonable approximate of fair values due to the insignificant impact of discounting.

**13.2 AFS**

|  | <b>Unaudited<br/>30.09.2017<br/>RM'000</b> | <b>Audited<br/>31.03.2017<br/>RM'000</b> |
|--|--|--|
| <b>At fair value:</b>                                      |  |  |
| Equity securities:   |  |  |
| Quoted in Malaysia   | 175,680                                    | 48,057                                   |
| Unit and property trust funds:                             |  |  |
| Quoted in Malaysia   | 107,358                                    | 1,380                                    |
| Collective investment schemes - subsidiaries (Note 13.5):  |  |  |
| Quoted in Malaysia   | 1,023,614                                  | 1,124,173                                |
| Collective investment schemes - joint venture (Note 13.5): |  |  |
| Quoted in Malaysia   | -  | 139,000                                  |
|  | <u>1,306,652</u>                           | <u>1,312,610</u>                         |
| <b>At cost less impairment loss:</b>                       |  |  |
| Equity securities:   |  |  |
| Unquoted in Malaysia                                       | 1,430                                      | 1,430                                    |
|  | <u>1,308,082</u>                           | <u>1,314,040</u>                         |

**AmGENERAL INSURANCE BERHAD**  
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**13. INVESTMENTS (CONT'D.)****13.3 FVTPL**

|   | <b>Unaudited<br/>30.09.2017<br/>RM'000</b> | <b>Audited<br/>31.03.2017<br/>RM'000</b> |
|---|--|--|
| <b>At fair value:</b>                                     |  |  |
| Collective investment schemes - subsidiaries (Note 13.5): |  |  |
| Quoted in Malaysia  | 2,524,414                                  | 2,412,260                                |

**13.4 Carrying values of investments**

|                                  | <b>LAR<br/>RM'000</b> | <b>AFS<br/>RM'000</b> | <b>FVTPL<br/>RM'000</b> | <b>TOTAL<br/>RM'000</b> |
|----------------------------------|-----------------------|-----------------------|-------------------------|-------------------------|
| <b>At 1 April 2017</b>           | 15,493                | 1,314,040             | 2,412,260               | 3,741,793               |
| Purchases                        | 1,729                 | 601,651               | 501,967                 | 1,105,347               |
| Dividend reinvestment            |                       | 25,618                | 53,718                  | 79,336                  |
| Maturities                       | (264)                 | -                     | -                       | (264)                   |
| Disposals                        |                       | (640,932)             | (446,691)               | (1,087,623)             |
| Realised gains recorded in:      |                       |                       |                         |                         |
| Income statement                 | -                     | 5,710                 | 167                     | 5,877                   |
| Fair value gains recorded in:    |                       |                       |                         |                         |
| Income statement                 | -                     | -                     | 2,993                   | 2,993                   |
| Other comprehensive income       | -                     | 2,238                 | -                       | 2,238                   |
| Movement in impairment allowance | -                     | (243)                 | -                       | (243)                   |
| <b>At 30 September 2017</b>      | <b>16,958</b>         | <b>1,308,082</b>      | <b>2,524,414</b>        | <b>3,849,454</b>        |
| <b>At 1 April 2016</b>           | 15,163                | 535,368               | 2,886,136               | 3,436,667               |
| Purchases                        | 3,337                 | 1,080,975             | 884,639                 | 1,968,951               |
| Maturities                       | (3,154)               | (5,000)               | -                       | (8,154)                 |
| Disposals                        | -                     | (295,171)             | (1,358,678)             | (1,653,849)             |
| Realised gains recorded in:      |                       |                       |                         |                         |
| Income statement                 | -                     | 1,787                 | 442                     | 2,229                   |
| Fair value gains recorded in:    |                       |                       |                         |                         |
| Income statement                 | -                     | -                     | (279)                   | (279)                   |
| Other comprehensive losses       | -                     | (3,864)               | -                       | (3,864)                 |
| Movement in impairment allowance | 147                   | -                     | -                       | 147                     |
| Amortisation net of accretion    | -                     | (55)                  | -                       | (55)                    |
| <b>At 31 March 2017</b>          | <b>15,493</b>         | <b>1,314,040</b>      | <b>2,412,260</b>        | <b>3,741,793</b>        |

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### 13. INVESTMENTS (CONT'D.)

#### 13.5 Investments in subsidiaries - collective investment schemes

|                       | <b>Unaudited<br/>30.09.2017<br/>RM'000</b> | <b>Audited<br/>31.03.2017<br/>RM'000</b> |
|-----------------------|--|--|
| <b>At fair value:</b> |  |  |
| AFS (Note 13.2)       | 1,023,614                                  | 1,124,173                                |
| FVTPL (Note 13.3)     | 2,524,414                                  | 2,412,260                                |
|                       | <u>3,548,028</u>                           | <u>3,536,433</u>                         |

Details of the Company's investments in subsidiaries - collective investment schemes in Malaysia are as follows:

| <b>Name of wholesale trust fund</b> | <b>Principal activities</b>                    | <b>% of ownership interest held by the Company</b> |                   |
|-------------------------------------|--|--|-------------------|
|                                     |  | <b>30.09.2017</b>                                  | <b>31.03.2017</b> |
| AmCash Institutional 1              | Investment in money market                     | -  | 75.34%            |
| AmIncome Institutional 1            | Investment in debt securities and money market | 99.87%   | 99.89%            |
| AmIncome Institutional 3            | Investment in debt securities and money market | 99.95%   | 99.95%            |
| AmCash Plus                         | Investment in money market                     | 92.33%   | -                 |

#### 13.6 Investments in joint venture - collective investment schemes

|                       | <b>Unaudited<br/>30.09.2017<br/>RM'000</b> | <b>Audited<br/>31.03.2017<br/>RM'000</b> |
|-----------------------|--|--|
| <b>At fair value:</b> |  |  |
| AFS (Note 13.2)       | -  | 139,000                                  |

Details of the Company's investments in joint venture - collective investment schemes in Malaysia are as follows:

| <b>Name of wholesale trust fund</b> | <b>Principal activities</b>                         | <b>% of ownership interest held by the Company</b> |                   |
|-------------------------------------|---|--|-------------------|
|                                     |   | <b>30.09.2017</b>                                  | <b>31.03.2017</b> |
| AmCash Premium                      | Investment in deposits and money market instruments | -  | 58.16%            |



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**14. REINSURANCE ASSETS**

|                                 |             | <b>Unaudited<br/>30.09.2017<br/>RM'000</b> | <b>Audited<br/>31.03.2017<br/>RM'000</b> |
|---------------------------------|-------------|--|--|
| Reinsurance assets on:          | <b>Note</b> |  |  |
| Claims liabilities              | 19.1        | 273,210                                    | 286,725                                  |
| Premium liabilities             | 19.2        | 50,658                                     | 54,321                                   |
|                                 |             | <u>323,868</u>                             | <u>341,046</u>                           |
| Allowance for impairment losses |             | <u>(7,514)</u>                             | <u>(7,514)</u>                           |
|                                 |             | <u>316,354</u>                             | <u>333,532</u>                           |

Movement in the provision for impairment losses of reinsurance assets:

|  | <b>Individually impaired</b>               |  |
|--|--|--|
|  | <b>Unaudited<br/>30.09.2017<br/>RM'000</b> | <b>Audited<br/>31.03.2017<br/>RM'000</b> |
| At 1 April 2017/2016 and<br>At 30 September 2017 / 31 March 2017 | <u>7,514</u>                               | <u>7,514</u>                             |

**15. INSURANCE RECEIVABLES**

|  | <b>Unaudited<br/>30.09.2017<br/>RM'000</b> | <b>Audited<br/>31.03.2017<br/>RM'000</b> |
|--|--|--|
| Due premiums including agents,<br>brokers and co-insurers balances | 82,354                                     | 82,508                                   |
| Due from reinsurers and cedants                                    | 15,188                                     | 20,268                                   |
|  | <u>97,542</u>                              | <u>102,776</u>                           |
| Allowance for impairment losses                                    | <u>(32,654)</u>                            | <u>(33,196)</u>                          |
|  | <u>64,888</u>                              | <u>69,580</u>                            |

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**15. INSURANCE RECEIVABLES (CONT'D.)**

Movement in the provision for impairment losses of insurance receivables:

|                                  | <b>Individually<br/>impaired<br/>RM'000</b> | <b>Collectively<br/>impaired<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|----------------------------------|---|---|-------------------------|
| <b>Audited</b>                   |   |   |                         |
| At 1 April 2016                  | 27,600                                      | 6,277                                       | 33,877                  |
| Charge for the year              | (858)                                       | 241   | (617)                   |
| Amount written off               | (64)  | -   | (64)                    |
| At 31 March 2017                 | <u>26,678</u>                               | <u>6,518</u>                                | <u>33,196</u>           |
| <b>Unaudited</b>                 |   |   |                         |
| At 1 April 2017                  | 26,678                                      | 6,518                                       | 33,196                  |
| Charge/(reversal) for the period | 3,468                                       | (4,010)                                     | (542)                   |
| At 30 September 2017             | <u>30,146</u>                               | <u>2,508</u>                                | <u>32,654</u>           |

The carrying amounts disclosed above approximate fair value at the reporting date.

**16. OTHER RECEIVABLES**

|   | <b>Unaudited<br/>30.09.2017<br/>RM'000</b> | <b>Audited<br/>31.03.2017<br/>RM'000</b> |
|---|--|--|
| Income due and accrued  | 13,413                                     | 13,630                                   |
| Malaysian Institute of Insurance ("MII") bonds                            | 400  | 400                                      |
| Share of net assets held under Malaysian Motor<br>Insurance Pool ("MMIP") | 57,563                                     | 58,003                                   |
| Amounts owing by ultimate holding, holding and other<br>related companies | 4,599                                      | 1,993                                    |
| Reinsurance deposits  | 17,637                                     | 17,354                                   |
| Sundry receivables  | 40,712                                     | 16,766                                   |
|   | <u>134,324</u>                             | <u>108,146</u>                           |
| Allowance for impairment losses   | (171)                                      | (171)                                    |
|   | <u>134,153</u>                             | <u>107,975</u>                           |

Movement in the provision for impairment losses (individual impaired) of other receivables:

|  | <b>Unaudited<br/>30.09.2017<br/>RM'000</b> | <b>Audited<br/>31.03.2017<br/>RM'000</b> |
|--|--|--|
| At 1 April 2017/2016 and 30 September 2017/31 March 2017 | <u>171</u>                                 | <u>171</u>                               |

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**17. NON-CURRENT ASSET HELD FOR SALE**

|   | <b>Unaudited<br/>30.09.2017<br/>RM'000</b> | <b>Audited<br/>31.03.2017<br/>RM'000</b> |
|---|--|--|
| At 1 April 2017/2016                    | 21,817                                     | 18,399                                   |
| Disposal                                | (13,313)                                   | (22,578)                                 |
| Transferred from property and equipment | -  | 25,996                                   |
| At 30 September 2017/31 March 2017      | <u>8,504</u>                               | <u>21,817</u>                            |

During the period, completed the disposal of certain leasehold land and buildings for a total cash consideration of RM14.7m.

**18. SHARE CAPITAL**

**18.1 Share capital**

|                     | <-----No. of shares -----> |                       | <-----Amount ----->               |                                 |
|---------------------|----------------------------|-----------------------|-----------------------------------|---------------------------------|
|                     | 30.09.2017<br>( '000)      | 31.03.2017<br>( '000) | Unaudited<br>30.09.2017<br>RM'000 | Audited<br>31.03.2017<br>RM'000 |
| Ordinary shares (a) | 600,000                    | 600,000               | 600,000                           | 600,000                         |
| INCPS (b)           | 6,100                      | 6,100                 | 61,000                            | 61,000                          |
| RNCPS (c)           | 40,000                     | 40,000                | 400,000                           | 400,000                         |
|                     | <u>646,100</u>             | <u>646,100</u>        | <u>1,061,000</u>                  | <u>1,061,000</u>                |

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**18. SHARE CAPITAL**

**(a) Ordinary shares**

|  | Unaudited<br>←-----30.09.2017-----> |                  | Audited<br>←-----31.03.2017-----> |                  |
|--|-------------------------------------|------------------|-----------------------------------|------------------|
|  | No. of<br>shares<br>('000)          | Amount<br>RM'000 | No. of<br>shares<br>('000)        | Amount<br>RM'000 |
| <b>Issued and paid-up:</b>             |                                     |                  |                                   |                  |
| At beginning and end<br>of period/year | 600,000                             | 600,000          | 600,000                           | 600,000          |

**(b) INCPS**

|  | Unaudited<br>←-----30.09.2017-----> |                  | Audited<br>←-----31.03.2017-----> |                  |
|--|-------------------------------------|------------------|-----------------------------------|------------------|
|  | No. of<br>shares<br>('000)          | Amount<br>RM'000 | No. of<br>shares<br>('000)        | Amount<br>RM'000 |
| <b>Issued and paid-up:</b>             |                                     |                  |                                   |                  |
| At beginning and end<br>of period/year | 6,100                               | 61,000           | 6,100                             | 61,000           |

The salient features of the INCPS issued by the Company are as follows:

- (i) Subject always to the prior approval of BNM and the discretion of the Board, the INCPS confer on the holders the right to a non-cumulative preferential dividend calculated at 5.5% per annum each year to be declared and paid within six months from the end of each financial year, calculated based on the issue price of the INCPS, in priority to any other classes of shares to the extent that there are profits available for the distribution and compliance with the capital adequacy requirements as stipulated by BNM.
- (ii) The INCPS holders are entitled at any time to convert all or any of the INCPS held to ordinary shares in the Company, pari passu as between themselves, on the basis of one (1) INCPS for one (1) new ordinary share.
- (iii) The INCPS shall not be transferable (in whole or in part) and shall not be redeemed by the Company.

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**18. SHARE CAPITAL (CONT'D.)**

**(c) RNCPS**

|  | Unaudited                  |                  | Audited                    |                  |
|--|----------------------------|------------------|----------------------------|------------------|
|  | <-----30.09.2017----->     |                  | <-----31.03.2017----->     |                  |
|  | No. of<br>shares<br>(‘000) | Amount<br>RM'000 | No. of<br>shares<br>(‘000) | Amount<br>RM'000 |
| <b>Issued and paid-up:</b>             |                            |                  |                            |                  |
| At beginning and end<br>of period/year | 40,000                     | 400,000          | 40,000                     | 400,000          |

The salient features of the RNCPS issued by the Company are as follows:

- (i) Subject always to the prior approval of BNM and the discretion of the Board, the RNCPS confer on the holders the right to a non-cumulative preferential dividend calculated at 5.5% per annum each year to be declared and paid within six months from the end of each financial year, calculated based on the issue price of the RNCPS, in priority to any other classes of shares to the extent that there are profits available for the distribution and compliance with the capital adequacy requirements as stipulated by BNM.
- (ii) The RNCPS holders are entitled at any time to convert all or any of the RNCPS held to ordinary shares in the Company, pari passu as between themselves, on the basis of one (1) RNCPS for one (1) new ordinary share.
- (iii) The RNCPS shall not be transferable (in whole or in part). Subject to the prior approval of BNM and the Companies Act, 2016 in Malaysia, the RNCPS may at the sole discretion of the Company be redeemed at a redemption price which is equal to the issue price at which the relevant RNCPS have been issued. It should be redeemed upon and subject to the terms hereunder, provided that the Company shall not redeem any RNCPS during the first five years of the issue of the RNCPS.

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**19. INSURANCE CONTRACT LIABILITIES**

|  | Note | Unaudited<br>←-----30.09.2017-----> |                         |                         | Audited<br>←-----31.03.2017-----> |                         |                         |
|--|------|-------------------------------------|-------------------------|-------------------------|-----------------------------------|-------------------------|-------------------------|
|  |      | Gross<br>RM'000                     | Reinsurance<br>RM'000   | Net<br>RM'000           | Gross<br>RM'000                   | Reinsurance<br>RM'000   | Net<br>RM'000           |
| Provision for claims reported by policyholders                             |      | 947,869                             | (156,472)               | 791,397                 | 958,208                           | (161,109)               | 797,099                 |
| Provision for incurred but not reported claims ("IBNR")                    |      | 746,054                             | (94,713)                | 651,341                 | 759,281                           | (102,756)               | 656,525                 |
| Provision for fund provision of risk margin for adverse deviation ("FRAD") |      | 137,287                             | (22,025)                | 115,262                 | 138,500                           | (22,860)                | 115,640                 |
|  | 19.1 | <u>1,831,210</u>                    | <u>(273,210)</u>        | <u>1,558,000</u>        | <u>1,855,989</u>                  | <u>(286,725)</u>        | <u>1,569,264</u>        |
| Less : Impairment loss on reinsurance assets                               |      | -                                   | 7,514                   | 7,514                   | -                                 | 7,514                   | 7,514                   |
|  |      | <u>1,831,210</u>                    | <u>(265,696)</u>        | <u>1,565,514</u>        | <u>1,855,989</u>                  | <u>(279,211)</u>        | <u>1,576,778</u>        |
| Premium liabilities  | 19.2 | <u>669,417</u>                      | <u>(50,658)</u>         | <u>618,759</u>          | <u>726,436</u>                    | <u>(54,321)</u>         | <u>672,115</u>          |
|  |      | <u><u>2,500,627</u></u>             | <u><u>(316,354)</u></u> | <u><u>2,184,273</u></u> | <u><u>2,582,425</u></u>           | <u><u>(333,532)</u></u> | <u><u>2,248,893</u></u> |

Included in motor insurance contract liabilities is the Company's proportionate share of claim liabilities and premium liabilities in MMIP of RM41.9 million and RM3.5 million respectively (31.03.2017: claim liabilities of RM43.6 million and premium liabilities of RM4.1 million).

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**19. INSURANCE CONTRACT LIABILITIES (CONT'D.)**

**19.1 Claim liabilities**

|   | Unaudited              |                       |                  | Audited                |                       |                  |
|---|------------------------|-----------------------|------------------|------------------------|-----------------------|------------------|
|   | <-----30.09.2017-----> |                       |                  | <-----31.03.2017-----> |                       |                  |
|   | Gross<br>RM'000        | Reinsurance<br>RM'000 | Net<br>RM'000    | Gross<br>RM'000        | Reinsurance<br>RM'000 | Net<br>RM'000    |
| <b>At 1 April 2017/2016</b>   | 1,855,989              | (286,725)             | 1,569,264        | 1,925,552              | (383,534)             | 1,542,018        |
| Claims incurred in the current accident period (direct and facultative)         | 548,212                | (34,150)              | 514,062          | 1,213,003              | (119,661)             | 1,093,342        |
| Adjustment to claims incurred in prior accident period (direct and facultative) | (117,578)              | 12,222                | (105,356)        | (203,463)              | 27,866                | (175,597)        |
| Claims incurred during the period (treaty inwards claims)                       | 3,316                  | -                     | 3,316            | (13,194)               | -                     | (13,194)         |
| Claims paid during the period   | (458,729)              | 35,443                | (423,286)        | (1,065,909)            | 188,604               | (877,305)        |
| <b>At 30 September 2017/31 March 2017</b>                                       | <b>1,831,210</b>       | <b>(273,210)</b>      | <b>1,558,000</b> | <b>1,855,989</b>       | <b>(286,725)</b>      | <b>1,569,264</b> |

**19.2 Premium liabilities**

|   | Unaudited              |                       |                | Audited                |                       |                |
|---|------------------------|-----------------------|----------------|------------------------|-----------------------|----------------|
|   | <-----30.09.2017-----> |                       |                | <-----31.03.2017-----> |                       |                |
|   | Gross<br>RM'000        | Reinsurance<br>RM'000 | Net<br>RM'000  | Gross<br>RM'000        | Reinsurance<br>RM'000 | Net<br>RM'000  |
| <b>At 1 April 2017/2016</b>               | 726,436                | (54,321)              | 672,115        | 718,345                | (47,912)              | 670,433        |
| Premiums written during the period        | 715,187                | (62,607)              | 652,580        | 1,579,583              | (140,258)             | 1,439,325      |
| Premiums earned during the period         | (772,206)              | 66,270                | (705,936)      | (1,571,492)            | 133,849               | (1,437,643)    |
| <b>At 30 September 2017/31 March 2017</b> | <b>669,417</b>         | <b>(50,658)</b>       | <b>618,759</b> | <b>726,436</b>         | <b>(54,321)</b>       | <b>672,115</b> |

## 20. OPERATING LEASE ARRANGEMENTS

### 20.1 The Company as lessee

The Company has entered into lease agreements for rental of office premises. The future aggregate minimum lease payments under operating lease contracted for as at the reporting date but not recognised as liabilities, are as follows:

|  | <b>Unaudited<br/>30.09.2017<br/>RM'000</b> | <b>Unaudited<br/>30.09.2016<br/>RM'000</b> |
|--|--|--|
| Not later than 1 year                        | 11,262                                     | 12,974                                     |
| Later than 1 year and not later than 5 years | 1,098                                      | 11,109                                     |
|  | <u>12,360</u>                              | <u>24,083</u>                              |

The future aggregate minimum lease payable disclosed above include the renewable lease arrangement with AmMetLife Insurance Berhad.

### 20.2 The Company as lessor

The Company has entered into a lease agreements on its investment property. This lease has remaining lease term of between 1 to 3 years. The future aggregate minimum lease receivables under the operating lease contracted for as at the reporting date but not recognised as assets, are as follows:

|  | <b>Unaudited<br/>30.09.2017<br/>RM'000</b> | <b>Unaudited<br/>30.09.2016<br/>RM'000</b> |
|--|--|--|
| Not later than 1 year                        | 114  | 272  |
| Later than 1 year and not later than 5 years | 15   | 121  |
|  | <u>129</u>                                 | <u>393</u>                                 |



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**21. CAPITAL COMMITMENTS**

|                                | <b>Unaudited<br/>30.09.2017<br/>RM'000</b> | <b>Unaudited<br/>30.09.2016<br/>RM'000</b> |
|--------------------------------|--|--|
| <b>Capital expenditure:</b>    |  |  |
| Approved and contracted for:   |  |  |
| Renovation                     | -  | 514  |
| Computer hardware and software | 1,466                                      | 18,960                                     |
|                                | <u>1,466</u>                               | <u>19,474</u>                              |

**22. RELATED PARTY DISCLOSURES**

The Company had the following balances with related parties are as follow:

|   | <b>Unaudited<br/>30.09.2017<br/>RM'000</b> | <b>Audited<br/>31.03.2017<br/>RM'000</b> |
|---|--|--|
| <b>Included in insurance receivables:</b> |  |  |
| Due from agents, brokers and co-insurers: |  |  |
| AmBank (M) Berhad                         | 13,531                                     | 10,465                                   |
| AmCard Service Berhad                     | 16   | 6  |
| AmInvestment Bank Berhad                  | -  | 117                                      |
| AON Insurance Brokers (Malaysia) Sdn Bhd  | 761  | 451                                      |
|   | <u>14,308</u>                              | <u>11,039</u>                            |

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**22. RELATED PARTY DISCLOSURES (CONT'D.)**

The Company had the following balances with related parties are as follow:

|   | <b>Unaudited<br/>30.09.2017<br/>RM'000</b> | <b>Audited<br/>31.03.2017<br/>RM'000</b> |
|---|--|--|
| <b>Included in amount owing by ultimate holding,<br/>holding and other related companies:</b> |  |  |
| Insurance Australia Limited   | 4,599                                      | 1,993                                    |
| <b>Included in income due and accrued:</b>  |  |  |
| AmBank (M) Berhad   | 11,554                                     | 9,702                                    |
| AmCash Institutional 1  | -  | 519                                      |
| AmIncome Institutional 1  | 3,389                                      | 3,843                                    |
| AmIncome Institutional 3  | 7,687                                      | 8,447                                    |
| AmCash Premium  | -  | 408                                      |
| AmCash Plus   | 1,445                                      | -  |
|   | <u>24,075</u>                              | <u>22,919</u>                            |
| <b>Included in insurance payables:</b>  |  |  |
| Due to agents, brokers and co-insurers:   |  |  |
| AmBank (M) Berhad   | 4,228                                      | 5,353                                    |
| AmInvestment Bank Berhad  | 194  | 109                                      |
| AON Insurance Brokers (Malaysia) Sdn Bhd  | 179  | 149                                      |
|   | <u>4,601</u>                               | <u>5,611</u>                             |
| <b>Included in amount owing to other related companies:</b>                                   |  |  |
| AmBank (M) Berhad   | 4,616                                      | 5,973                                    |
| AmInvestment Bank Berhad  | 1  | -  |
| AmGeneral Holdings Berhad   | 220  | 220                                      |
| AmMetLife Insurance Berhad  | 82   | 12                                       |
| AMMB Holdings Berhad  | -  | 807                                      |
| AmFunds Management Berhad   | -  | 34                                       |
|   | <u>4,919</u>                               | <u>7,046</u>                             |
| <b>Included in accrued expenses and deposits:</b>   |  |  |
| AmBank (M) Berhad   | 6,258                                      | 6,042                                    |
| Insurance Australia Limited   | 4,368                                      | 3,219                                    |
|   | <u>10,626</u>                              | <u>9,261</u>                             |

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**22. RELATED PARTY DISCLOSURES (CONT'D.)**

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

|  | <b>Income/(Expenses)</b> |                   |
|--|--------------------------|-------------------|
|  | <b>Unaudited</b>         | <b>Unaudited</b>  |
|  | <b>01.04.2017</b>        | <b>01.04.2016</b> |
|  | <b>to</b>                | <b>to</b>         |
|  | <b>30.09.2017</b>        | <b>30.09.2016</b> |
|  | <b>RM'000</b>            | <b>RM'000</b>     |
| <b>Interest and dividend income from:</b>        |                          |                   |
| AmBank (M) Berhad                                | 262                      | 272               |
| AmCash Institutional 1                           | 369                      | 6,487             |
| AmIncome Institutional 1                         | 20,223                   | 10,934            |
| AmIncome Institutional 3                         | 47,080                   | 53,455            |
| AmCash Premium                                   | 1,615                    | -                 |
| AmCash Plus                                      | 6,347                    | -                 |
|  | <u>75,896</u>            | <u>71,148</u>     |
| <b>Commission income from:</b>                   |                          |                   |
| IAG Re Labuan (L) Berhad                         | <u>5,095</u>             | <u>5,808</u>      |
| <b>Gross premium income from:</b>                |                          |                   |
| AmBank (M) Berhad                                | 1,615                    | 2,301             |
| AMMB Holdings Berhad                             | 30                       | 1,148             |
| AmMetLife Insurance Berhad                       | 56                       | 127               |
| AmInvestment Bank Berhad                         | 23                       | 8                 |
| AmBank Islamic Berhad                            | 43                       | 55                |
| AmCorp Properties Berhad                         | 55                       | 38                |
| AmMetLife Takaful Berhad                         | 6                        | 9                 |
|  | <u>1,828</u>             | <u>3,686</u>      |
| <b>Commission expenses to:</b>                   |                          |                   |
| AmBank (M) Berhad                                | (9,807)                  | (10,626)          |
| AmInvestment Bank Berhad                         | -                        | (1)               |
| AmCard Services Berhad                           | (3)                      | (4)               |
| AON Insurance Brokers (Malaysia) Sdn Bhd         | (237)                    | (601)             |
|  | <u>(10,047)</u>          | <u>(11,232)</u>   |
| <b>Administration and operating expenses to:</b> |                          |                   |
| AmBank (M) Berhad                                | (11,522)                 | (11,979)          |
| AmFunds Management Bhd                           | (217)                    | (84)              |
| AmMetLife Insurance Berhad                       | (2,696)                  | (2,843)           |
| Insurance Australia Limited                      | (2,750)                  | (2,081)           |
| Harpers Travel (M) Sdn. Bhd.                     | (1,650)                  | (309)             |
| Petronas Dagangan Berhad                         | -                        | (66)              |
|  | <u>(18,835)</u>          | <u>(17,362)</u>   |
| <b>Reinsurance premiums ceded to:</b>            |                          |                   |
| IAG Re Labuan (L) Berhad                         | <u>(17,893)</u>          | <u>(12,109)</u>   |

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**22. RELATED PARTY DISCLOSURES (CONT'D.)**

The significant transactions of the Company with related parties during the financial period are as follows (Cont'd.):

|  | <b>Income/(Expenses)</b>   |  |
|--|--|--|
|  | <b>Unaudited<br/>01.04.2017<br/>to<br/>30.09.2017<br/>RM'000</b> | <b>Unaudited<br/>01.04.2016<br/>to<br/>30.09.2016<br/>RM'000</b> |
| <b>Claims recovery from:</b>                                 |  |  |
| IAG Re Labuan (L) Berhad                                     | <u>4,310</u>   | <u>7,450</u>   |
| <b>Rental expenses to:</b>                                   |  |  |
| AmMetLife Insurance Berhad                                   | <u>(47)</u>  | <u>(489)</u>   |
| <b>Rental income from:</b>                                   |  |  |
| AmMetLife Insurance Berhad                                   | 19   | 115  |
| AmBank (M) Berhad  | -  | 1  |
|  | <u>19</u>  | <u>116</u>   |
| <b>Dividends on INCPS, RNCPS and ordinary share paid to:</b> |  |  |
| AmGeneral Holdings Berhad                                    | <u>25,355</u>  | <u>25,355</u>  |

**23. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES**

The Company measures certain financial instruments at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

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

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

**23. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (CONT'D.)**

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

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 Valuation techniques for which all input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

There were no transfers between Level 1 or Level 2 of the fair value hierarchy during the financial period ended 30 September 2017 and 31 March 2017.

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

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

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

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#### 24. FAIR VALUE HIERARCHY

The table below analyses those financial instruments carried at fair value and assets for fair value is disclosed by their valuation methods.

- (a) Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- (b) Level 2 - Valuation techniques for which all input that are significant to the fair value measurement is directly or indirectly observable
- (c) Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

| <b>Unaudited</b>   |             | <b>Level 1</b> | <b>Level 2</b> | <b>Level 3</b> | <b>Total</b>  |
|--|-------------|----------------|----------------|----------------|---------------|
| <b>30 September 2017</b>                                       | <b>Note</b> | <b>RM'000</b>  | <b>RM'000</b>  | <b>RM'000</b>  | <b>RM'000</b> |
| <b>Assets measured at fair value on a recurring basis:</b>     |             |                |                |                |               |
| AFS financial assets:  |             |                |                |                |               |
| Equity securities  | 13          | 175,680        | -              | -              | 175,680       |
| Unit and property trust funds                                  | 13          | 107,358        | -              | -              | 107,358       |
| Collective investment schemes                                  | 13          | 1,023,614      | -              | -              | 1,023,614     |
| FVTPL financial assets:  |             |                |                |                |               |
| Collective investment schemes                                  | 13          | 2,524,414      | -              | -              | 2,524,414     |
| <b>Assets measured at fair value on a non-recurring basis:</b> |             |                |                |                |               |
| <b>Assets for which fair values are disclosed:</b>             |             |                |                |                |               |
| Investment properties  | 12          | -              | -              | 9,200          | 9,200         |

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24. FAIR VALUE HIERARCHY (CONT'D.)

| <b>Audited</b><br><b>31 March 2017</b>                         | <b>Note</b> | <b>Level 1</b><br><b>RM'000</b> | <b>Level 2</b><br><b>RM'000</b> | <b>Level 3</b><br><b>RM'000</b> | <b>Total</b><br><b>RM'000</b> |
|--|-------------|---------------------------------|---------------------------------|---------------------------------|-------------------------------|
| <b>Assets measured at fair value:</b>                          |             |                                 |                                 |                                 |                               |
| AFS financial assets:  |             |                                 |                                 |                                 |                               |
| Equity securities  | 13          | 48,057                          | -                               | -                               | 48,057                        |
| Unit and property trust funds                                  | 13          | 1,380                           | -                               | -                               | 1,380                         |
| Collective investment schemes                                  | 13          | 1,263,173                       | -                               | -                               | 1,263,173                     |
| FVTPL financial assets:  |             |                                 |                                 |                                 |                               |
| Collective investment schemes                                  | 13          | 2,412,260                       | -                               | -                               | 2,412,260                     |
| <b>Assets measured at fair values on a non-recurring basis</b> |             | <b>3,724,870</b>                | <b>-</b>                        | <b>-</b>                        | <b>3,724,870</b>              |
| <b>Assets for which fair values are disclosed:</b>             |             |                                 |                                 |                                 |                               |
| Investment properties  | 12          | -                               | -                               | 9,200                           | 9,200                         |

The fair values of investment properties were derived based on the methods disclosed in Note 12. The reconciliation from opening to closing balances of investment properties (classified under Level 3 of the fair value hierarchy) is provided in Note 12.

There were no transfers between Level 1 or Level 2 of the fair value hierarchy during the current period and previous financial years for assets which are carried at fair value.

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## 25. REGULATORY CAPITAL REQUIREMENTS

The total capital available of the Company as at 30 September 2017, as prescribed under the RBC Framework is provided below:

|   | <b>Unaudited<br/>30.09.2017<br/>RM'000</b> | <b>Audited<br/>31.3.2017<br/>RM'000</b> |
|---|--|---|
| <b>Eligible Tier 1 capital</b>                        |  |   |
| Fully paid-up ordinary shares                         | 654,900                                    | 654,900                                 |
| Paid-up non-cumulative irredeemable preference shares | 6,100                                      | 6,100                                   |
| Retained earnings                                     | 712,022                                    | 615,795                                 |
|   | <u>1,373,022</u>                           | <u>1,276,795</u>                        |
| <b>Tier 2 capital</b>                                 |  |   |
| RNCPS   | 400,000                                    | 400,000                                 |
| Available-for-sale fair value reserves                | 1,467                                      | (234)                                   |
|   | <u>401,467</u>                             | <u>399,766</u>                          |
| Amounts deducted from capital                         | <u>(95,264)</u>                            | <u>(89,385)</u>                         |
| Total capital available                               | <u>1,679,225</u>                           | <u>1,587,176</u>                        |



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**26. SIGNIFICANT AND SUBSEQUENT EVENT**

**The Malaysian Competition Commission ("MyCC")'s Proposed Decision against PIAM and its 22 members**

On 10 August 2016, the Malaysian Competition Commission ("MyCC") commenced an investigation into an alleged infringement by Persatuan Insurans Am Malaysia ("PIAM") and all its members, being 22 general insurers, including AmGeneral Insurance Berhad in respect of Section 4(2)(a) of the Competition Act, 2010 ("CA 2010"). The MyCC alleged that PIAM and all 22 general insurers fixed the parts trade discount rates for certain vehicle makes and labour hourly rates for PIAM Approved Repairers Scheme workshops.

On 22 February 2017, MyCC issued a proposed decision against PIAM and 22 of its members, being general insurers, for an alleged infringement of the CA 2010. The Proposed Decision ("PD") includes proposed financial penalties on all 22 general insurers, including AmGeneral Insurance Berhad. AmGeneral Insurance Berhad's share of the proposed infringement penalties amounted to RM45,156,098.

On 1 March 2017 Bank Negara Malaysia issued a press statement confirming that the arrangement which is the subject of MyCC's PD was put in place in response to a clear directive from Bank Negara Malaysia to the general insurers in 2011. AmGeneral Insurance Berhad has on 25 April 2017, completed the submission of its written representations to MyCC. AmGeneral Insurance Berhad has also indicated its request for oral representations.

MyCC had fixed a session for preliminary discussions on 16 October 2017 and PIAM's lawyers delivered their oral representations on 17 October 2017. The next oral representations are fixed on 12 and 14 December 2017 for RBB Economics (economists engaged by PIAM) followed by combined representations by the general insurers (including AmGeneral) and finally by representatives of Bank Negara Malaysia.

AmGeneral Insurance Berhad, in consultation with its legal advisers, will continue to take any and all appropriate actions to defend its position that it has not infringed Section 4(2)(a) of the CA 2010 and that no infringement penalties should be imposed should the PD be upheld, AmGeneral will appeal to the Competition Appeals Tribunal and thereafter take any adverse outcome to a judicial review before the Malaysian courts.