

Company No.

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**SUN LIFE MALAYSIA ASSURANCE BERHAD**  
(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2015

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SUN LIFE MALAYSIA ASSURANCE BERHAD  
(Incorporated in Malaysia)

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**SUN LIFE MALAYSIA ASSURANCE BERHAD**  
(Incorporated in Malaysia)

**UNAUDITED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2015**

	<u>Note</u>	<u>30.6.2015</u> RM'000	<u>Audited</u> <u>31.12.2014</u> RM'000
<b>ASSETS</b>			
Property and equipment		49,641	47,024
Financial assets	13	1,655,986	1,668,327
Loans and receivables		71,689	155,102
Reinsurance assets	14	108,376	98,936
Insurance receivables		5,585	3,607
Other receivables		13,444	14,170
Cash and bank balances		33,986	20,871
<b>TOTAL ASSETS</b>		<u>1,938,707</u>	<u>2,008,037</u>
<b>EQUITY, POLICYHOLDERS' FUNDS AND LIABILITIES</b>			
Share capital		342,000	342,000
Share premiums		16,000	16,000
Retained earnings		54,769	247,065
Reserves		47,111	10,045
<b>Total equity</b>		<u>459,880</u>	<u>615,110</u>
Insurance contract liabilities	15	1,379,555	1,292,932
Insurance claims liabilities		15,925	12,770
Insurance payables		12,834	13,291
Other financial liabilities		11,933	12,008
Other payables		24,880	31,667
Current tax liabilities		16,996	24,746
Deferred tax liabilities		16,704	5,513
<b>Total liabilities</b>		<u>1,478,827</u>	<u>1,392,927</u>
<b>TOTAL EQUITY, POLICYHOLDERS' FUNDS AND LIABILITIES</b>		<u>1,938,707</u>	<u>2,008,037</u>

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

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**SUN LIFE MALAYSIA ASSURANCE BERHAD**  
(Incorporated in Malaysia)

**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2015**

	6 months period ended <u>30.6.2015</u> RM'000	6 months period ended <u>30.6.2014</u> RM'000
Gross premiums	283,117	241,381
Premiums ceded to reinsurers	(31,575)	(28,132)
Net premiums	<u>251,542</u>	<u>213,249</u>
Investment income	40,337	33,852
Net realised gains	-	6
Net fair value gains	11,307	6,184
Other operating income	757	715
Other income	<u>52,401</u>	<u>40,757</u>
Gross benefits and claims paid	(122,835)	(96,360)
Claims ceded to reinsurers	25,568	17,887
Gross change in contract liabilities	(86,623)	(53,632)
Change in contract liabilities ceded to reinsurers	9,081	3,014
Net claims	<u>(174,809)</u>	<u>(129,091)</u>
Commission expense	(22,938)	(22,433)
Management expenses	(43,551)	(47,937)
Other operating expenses	(1,272)	-
Investment expenses	(1,009)	(855)
Other expenses	<u>(68,770)</u>	<u>(71,225)</u>
Profit before taxation	60,364	53,690
Tax expense attributable to policyholders and unitholders	106	(148)
Profit before taxation attributable to Shareholders	<u>60,470</u>	<u>53,542</u>
Taxation	<u>(15,595)</u>	<u>(13,561)</u>
Tax expense attributable to policyholders and unitholders	(106)	148
Tax expense attributable to Shareholders	<u>(15,701)</u>	<u>(13,413)</u>
Net profit and total comprehensive income for the financial period	<u><u>44,769</u></u>	<u><u>40,129</u></u>
Basic earnings per share (sen)	<u><u>18.50</u></u>	<u><u>16.58</u></u>

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

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**SUN LIFE MALAYSIA ASSURANCE BERHAD**  
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**UNAUDITED STATEMENT OF CHANGES IN EQUITY  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2015**

	<u>Share capital</u> RM'000	<u>Share premium</u> RM'000	<u>Reserves*</u> RM'000	<u>Retained earnings</u> RM'000	<u>Total</u> RM'000
At 1 January 2015	342,000	16,000	10,045	247,065	615,110
Dividends	-	-	-	(199,999)	(199,999)
Total comprehensive income for the financial period	-	-	37,066	7,703	44,769
At 30 June 2015	<u>342,000</u>	<u>16,000</u>	<u>47,111</u>	<u>54,769</u>	<u>459,880</u>
At 1 January 2014	342,000	16,000	123,226	50,568	531,794
Total comprehensive income for the financial period	-	-	31,205	8,924	40,129
At 30 June 2014	<u>342,000</u>	<u>16,000</u>	<u>154,431</u>	<u>59,492</u>	<u>571,923</u>

\* Reserves comprise unallocated surpluses from all funds other than the Participating Life fund (net of deferred tax). This amount is only distributable upon the annual recommendation by the Appointed Actuary to transfer the Life fund surplus to the Shareholders' fund.

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

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**SUN LIFE MALAYSIA ASSURANCE BERHAD**  
(Incorporated in Malaysia)

**UNAUDITED STATEMENT OF CASH FLOWS**  
**FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2015**

	6 months period ended <u>30.6.2015</u> RM'000	6 months period ended <u>30.6.2014</u> RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net profit for the financial period	44,769	40,129
Adjustments for:		
Gross change in contract liabilities	86,623	53,632
Change in contract liabilities ceded to reinsurers	(9,081)	(3,014)
Property and equipment		
- depreciation	2,042	1,368
- gain on disposal	-	(6)
- write off	6	-
Net fair value gains on investments at fair value through profit or loss	(11,307)	(6,184)
Interest income	(36,860)	(29,987)
Dividend income	(3,179)	(3,546)
Rental income	(298)	(319)
Provision for retirement benefits	-	2
Taxation	15,595	13,561
	<hr/>	<hr/>
Profit from operations before changes in operating assets and liabilities	88,310	65,636
Decrease in loans and receivables	83,384	208,786
Increase in receivables	(1,002)	(2,139)
Increase in insurance claims liabilities	2,796	1,941
Decrease in payables	(7,319)	(9,827)
Purchase of investments	(386,942)	(547,510)
Proceeds from disposal and maturity of investments	409,628	245,249
	<hr/>	<hr/>
	188,855	(37,864)
Investment income received:		
- Dividend	2,992	3,578
- Interest	37,851	27,234
- Rental	298	319
Taxation paid	(12,217)	-
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Net cash generated from/(used in) operating activities	217,779	(6,733)

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SUN LIFE MALAYSIA ASSURANCE BERHAD  
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UNAUDITED STATEMENT OF CASH FLOWS  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2015 (CONTINUED)

	6 months period ended <u>30.6.2015</u> RM'000	6 months period ended <u>30.6.2014</u> RM'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of property and equipment	-	6
Purchase of property and equipment	(4,665)	(1,347)
Net cash used in investing activities	<u>(4,665)</u>	<u>(1,341)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	(199,999)	-
Net cash used in financing activities	<u>(199,999)</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents	13,115	(8,074)
Cash and cash equivalents at beginning of the financial period	<u>20,871</u>	<u>25,736</u>
Cash and cash equivalents at end of the financial period	<u><u>33,986</u></u>	<u><u>17,662</u></u>
Cash and cash equivalents comprise:		
Cash and bank balances	<u><u>33,986</u></u>	<u><u>17,662</u></u>

The Company classifies cash flows from the acquisition and disposal of financial assets as operating cash flows as the purchases are funded from cash flows associated with the origination of insurance contracts, net of cash flows for payments of benefits and claims incurred for insurance contracts, which are respectively treated under the operating activities.

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

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**SUN LIFE MALAYSIA ASSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2015**

**1 CORPORATE INFORMATION**

The Company is engaged principally in the underwriting of life insurance and investment-linked business. There have been no significant changes in the nature of these activities during the six months period ended 30 June 2015.

The Company is a public limited liability company, incorporated and domiciled in Malaysia.

The registered office and principal place of business of the Company is located at the 11<sup>th</sup> Floor, No.338, Jalan Tuanku Abdul Rahman, 50100 Kuala Lumpur Malaysia.

The Directors regard Renggis Ventures Sdn Bhd as the immediate holding company, Avicennia Capital Sdn Bhd as the penultimate holding company and Khazanah Nasional Berhad as the ultimate holding company. Avicennia Capital Sdn Bhd is also a financial holding company. All companies are incorporated in Malaysia.

**2 BASIS OF PREPARATION**

The unaudited interim financial statements of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards (“MFRS”) 134, “Interim Financial Reporting” which do not include all 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 year ended 31 December 2014.

The Company has met the minimum capital requirements as prescribed by the Risk-Based Capital Framework (“the RBC Framework”) as at the date of the statement of financial position.

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

The preparation of interim financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the interim financial statements, and the reported amounts of revenues and expenses during the reported financial period. It also requires Directors to exercise their judgment in the process of applying the Company’s accounting policies. Although these estimates and judgment are based on the Directors’ best knowledge of current events and actions, actual results may differ from those estimates.



**SUN LIFE MALAYSIA ASSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2015 (CONTINUED)**

**3 SIGNIFICANT ACCOUNTING POLICIES**

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

MFRSs/Interpretations

Effective Date

MFRS 9 "Financial Instruments"

1 January 2018

- MFRS 9 "Financial Instruments" (effective from 1 January 2018) will replace MFRS 139 "Financial Instruments: Recognition and Measurement". The complete version of MFRS 9 was issued in November 2014.

MFRS 9 retains but simplifies the mixed measurement model in MFRS 139 and establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss and fair value through other comprehensive income ("OCI"). The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are always measured at fair value through profit or loss with an irrevocable option at inception to present changes in fair value in OCI (provided the instrument is not held for trading). A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest.

For liabilities, the standard retains most of the MFRS 139 requirements. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

There is now a new expected credit loss model on impairment for all financial assets that replaces the incurred loss impairment model used in MFRS 139. The expected credit loss model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

The Company has yet to assess the full impact of MFRS 9 onto the Company's financial statements.

**4 SEASONALITY OF OPERATIONS**

The business operations of the Company were not materially affected by any seasonal or cyclical fluctuations during the six months period ended 30 June 2015.

SUN LIFE MALAYSIA ASSURANCE BERHAD  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2015 (CONTINUED)

5 CHANGES IN ESTIMATES

There were no changes in estimates of amounts reported in the prior financial year that has a material effect for the six months period ended 30 June 2015.

6 UNUSUAL ITEMS AFFECTING ASSETS, LIABILITIES, EQUITY, NET INCOME OR CASH FLOWS

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

7 ISSUANCE OR REPAYMENT OF DEBT AND EQUITY SECURITIES

There were no issues, repurchases and repayments of debt and equity securities during the six months period ended 30 June 2015.

8 DIVIDENDS

Dividends paid by the Company during the six months period ended 30 June 2015:

- a) Single-Tier Final Dividend in respect of Perpetual Non-Cumulative Preference Shares of 8 sen per share for the financial year ended 31 December 2014 was paid on 18 June 2015 amounting to RM8,000,000;
- b) Single-Tier Final Dividend in respect of Ordinary Shares of 79.3388 sen per share for the financial year ended 31 December 2014 was paid on 18 June 2015 amounting to RM191,999,896.

9 COMMITMENTS AND CONTINGENCIES

	<u>30.6.2015</u> RM'000	<u>31.12.2014</u> RM'000
<u>Capital expenditure</u>		
Approved and contracted for:		
Property and equipment	903	3,575
Approved but not contracted for:		
Property and equipment	273	101
	<u>1,176</u>	<u>3,676</u>

There were no significant contingencies that have arisen during the six months period ended 30 June 2015.

10 SIGNIFICANT EVENTS AND TRANSACTIONS

There were no significant events and transactions that have not been reflected in the financial statements for the six months period ended 30 June 2015.

SUN LIFE MALAYSIA ASSURANCE BERHAD  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2015 (CONTINUED)

11 SUBSEQUENT EVENTS

There were no material events after the interim period that have not been reflected in the financial statements for the six months period ended 30 June 2015.

12 EFFECT OF CHANGES IN THE COMPOSITION OF THE COMPANY

There were no changes in the composition of the Company during the six months period ended 30 June 2015.

13 FINANCIAL ASSETS

	<u>30.6.2015</u> RM'000	<u>31.12.2014</u> RM'000
Malaysian Government Securities	397,286	390,768
Cagamas bonds	21,736	26,733
Unquoted corporate debt securities	988,616	1,063,866
Quoted equity securities	103,053	86,671
Unit trust funds	72,596	25,698
Negotiable instrument of deposits	22,064	22,693
Investment-linked funds	35,111	35,412
Unquoted equity securities	174	174
Accrued interest	15,350	16,312
	<u>1,655,986</u>	<u>1,668,327</u>

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

	<u>30.6.2015</u> RM'000	<u>31.12.2014</u> RM'000
Fair value through profit or loss ("FVTPL")		
– designated upon initial recognition	1,640,636	1,652,015
Accrued interest	15,350	16,312
	<u>1,655,986</u>	<u>1,668,327</u>

The following financial assets mature after 12 months:

	<u>30.6.2015</u> RM'000	<u>31.12.2014</u> RM'000
FVTPL – designated upon initial recognition	<u>1,586,814</u>	<u>1,447,931</u>

SUN LIFE MALAYSIA ASSURANCE BERHAD  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2015 (CONTINUED)

13 FINANCIAL ASSETS (CONTINUED)

	<u>30.6.2015</u> RM'000	<u>31.12.2014</u> RM'000
(a) FVTPL - designated upon initial recognition		
Malaysian Government Securities	397,286	390,768
Cagamas bonds	21,736	26,733
Unquoted corporate debt securities	988,616	1,063,866
Quoted equity securities	103,053	86,671
Unit trust funds	72,596	25,698
Negotiable instrument of deposits	22,064	22,693
Investment-linked funds	35,111	35,412
Unquoted equity securities	174	174
Accrued interest	15,350	16,312
	<u>1,655,986</u>	<u>1,668,327</u>
(b) Carrying values of financial assets		<u>FVTPL/Total</u> RM'000
At 1 January 2015		1,668,327
Purchases		386,942
Maturities		(1,995)
Disposals		(409,218)
Fair value gains recorded in:		
Profit or loss		12,892
Movement in accrued interest		(962)
At 30 June 2015		<u>1,655,986</u>
At 1 January 2014		1,212,878
Purchases		1,090,846
Maturities		(128,473)
Disposals		(524,251)
Fair value gains recorded in:		
Profit or loss		11,898
Elimination of fair value gains from Shareholders' fund investment in investment-linked funds (note 15)		44
Movement in accrued interest		5,385
At 31 December 2014		<u>1,668,327</u>

## SUN LIFE MALAYSIA ASSURANCE BERHAD

(Incorporated in Malaysia)

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2015 (CONTINUED)

## 13 FINANCIAL ASSETS (CONTINUED)

## (c) Fair value hierarchy

The Company categorises its fair value measurements according to a three-level hierarchy. The hierarchy prioritises the inputs used by the Company's valuation techniques for determining the fair value of the financial instruments.

A level is assigned to each fair value measurement based on the lowest level input significant to the fair value measurement in its entirety. The three-level hierarchy is defined as follows:

Level 1 – Fair value measurements that reflect unadjusted, quoted prices in active markets for identical assets and liabilities that the Company has the ability to access at the measurement date. Valuations are based on quoted prices reflecting market transactions involving assets or liabilities identical to those being measured.

Level 2 – Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in inactive markets, inputs that are observable that are not prices (such as interest rates, credit risks, etc) and inputs that are derived from or corroborated by observable market data.

Level 3 – Fair value measurements using significant non-market observable inputs. These include valuations for assets and liabilities that are derived using data, some or all of which is not market observable, including assumptions about risk.

The following table presents the Company's financial assets that are carried at fair value as at 30 June 2015:

	<u>Level 1</u> RM'000	<u>Level 2</u> RM'000	<u>Level 3</u> RM'000	<u>Total</u> RM'000
<u>FVTPL</u>				
<u>30.6.2015</u>				
Malaysian Government Securities	-	397,286	-	397,286
Cagamas bonds	-	21,736	-	21,736
Unquoted corporate debt securities	-	988,616	-	988,616
Quoted equity securities	103,053	-	-	103,053
Unit trust funds	72,596	-	-	72,596
Negotiable instrument of deposits	-	22,064	-	22,064
Investment-linked funds	35,111	-	-	35,111
Unquoted equity securities	-	-	174	174
Accrued interest	-	15,350	-	15,350
	<u>210,760</u>	<u>1,445,052</u>	<u>174</u>	<u>1,655,986</u>

SUN LIFE MALAYSIA ASSURANCE BERHAD  
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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2015 (CONTINUED)

13 FINANCIAL ASSETS (CONTINUED)

(c) Fair value hierarchy (continued)

	<u>Level 1</u> RM'000	<u>Level 2</u> RM'000	<u>Level 3</u> RM'000	<u>Total</u> RM'000
<u>FVTPL</u>				
<u>31.12.2014</u>				
Malaysian Government Securities	-	390,768	-	390,768
Cagamas bonds	-	26,733	-	26,733
Unquoted corporate debt securities	-	1,063,866	-	1,063,866
Quoted equity securities	86,671	-	-	86,671
Unit trust funds	25,698	-	-	25,698
Negotiable instrument of deposits	-	22,693	-	22,693
Investment-linked funds	35,412	-	-	35,412
Unquoted equity securities	-	-	174	174
Accrued interest	-	16,312	-	16,312
	<u>147,781</u>	<u>1,520,372</u>	<u>174</u>	<u>1,668,327</u>

There are no transfers between Level 1 and 2 during the six months period ended 30 June 2015.

The reconciliation of Level 3 fair value hierarchy is as follows:

	<u>Total</u> RM'000
<u>30.6.2015</u>	
1 January/30 June	<u>174</u>
<u>31.12.2014</u>	
1 January/31 December	<u>174</u>

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SUN LIFE MALAYSIA ASSURANCE BERHAD  
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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2015 (CONTINUED)

14 REINSURANCE ASSETS

	<u>30.6.2015</u> RM'000	<u>31.12.2014</u> RM'000
Reinsurance on insurance contracts		
- insurance claims liabilities	8,984	8,625
- insurance contract liabilities (note 15)	99,392	90,311
	<u>108,376</u>	<u>98,936</u>
Receivable within 12 months	12,855	12,022
Receivable after 12 months	95,521	86,914
	<u>108,376</u>	<u>98,936</u>

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SUN LIFE MALAYSIA ASSURANCE BERHAD  
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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2015 (CONTINUED)

15 INSURANCE CONTRACT LIABILITIES

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

	30.6.2015			31.12.2014		
	<u>Gross</u> RM'000	<u>Re- insurance</u> RM'000	<u>Net</u> RM'000	<u>Gross</u> RM'000	<u>Re- insurance</u> RM'000	<u>Net</u> RM'000
Actuarial liabilities	1,228,580	(99,392)	1,129,188	1,193,056	(90,311)	1,102,745
Unallocated surplus	445	-	445	540	-	540
Net asset value attributable to unitholders	150,530	-	150,530	99,336	-	99,336
	<u>1,379,555</u>	<u>(99,392)</u>	<u>1,280,163</u>	<u>1,292,932</u>	<u>(90,311)</u>	<u>1,202,621</u>
Current	245,240	(3,871)	241,369	206,145	(3,397)	202,748
Non-current	1,134,315	(95,521)	1,038,794	1,086,787	(86,914)	999,873
	<u>1,379,555</u>	<u>(99,392)</u>	<u>1,280,163</u>	<u>1,292,932</u>	<u>(90,311)</u>	<u>1,202,621</u>



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SUN LIFE MALAYSIA ASSURANCE BERHAD  
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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2015 (CONTINUED)

15 INSURANCE CONTRACT LIABILITIES (CONTINUED)

	<u>Gross</u> RM'000	<u>Reinsurance</u> RM'000	<u>Net</u> RM'000
At 1 January 2015	1,292,932	(90,311)	1,202,621
<u>Projected changes of inforce policies</u>			
Premium income	61,644	(26,515)	35,129
Expense and commission	(12,933)	11	(12,922)
Benefits	(109,067)	26,713	(82,354)
Interest on cashflows	19,001	(1,504)	17,497
Others	(6,346)	3,457	(2,889)
Experience variance on inforce policies	(6,200)	359	(5,841)
Reserve for new policies	76,931	(9,983)	66,948
<u>Assumption changes</u>			
Discount rate	15,969	(1,344)	14,625
Lapse rates	(2,150)	-	(2,150)
Expense reserve	-	-	-
Other changes	(1,325)	(275)	(1,600)
Movement in unallocated surplus	(95)	-	(95)
Movement in net asset value attributable to unitholders	51,194	-	51,194
At 30 June 2015	<u>1,379,555</u>	<u>(99,392)</u>	<u>1,280,163</u>

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SUN LIFE MALAYSIA ASSURANCE BERHAD  
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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2015 (CONTINUED)

## 15 INSURANCE CONTRACT LIABILITIES (CONTINUED)

	<u>Gross</u> RM'000	<u>Reinsurance</u> RM'000	<u>Net</u> RM'000
At 1 January 2014	1,152,794	(74,537)	1,078,257
<u>Projected changes of inforce policies</u>			
Premium income	104,796	(44,590)	60,206
Expense and commission	(21,387)	23	(21,364)
Benefits	(174,617)	46,443	(128,174)
Interest on cashflows	30,379	(2,154)	28,225
Others	(3,730)	4,925	1,195
Experience variance on inforce policies	(4,141)	39	(4,102)
Reserve for new policies	166,134	(17,403)	148,731
<u>Assumption changes</u>			
Discount rate	2,461	(243)	2,218
Lapse rates	(7,481)	(2,145)	(9,626)
Expense reserve	(100)	-	(100)
Other changes	2,993	(669)	2,324
Movement in unallocated surplus	540	-	540
Movement in net asset value attributable to unitholders	44,247	-	44,247
	140,094	(15,774)	124,320
Elimination of Shareholders' fund investment in investment-linked funds (note 13(b))	44	-	44
At 31 December 2014	<u>1,292,932</u>	<u>(90,311)</u>	<u>1,202,621</u>

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SUN LIFE MALAYSIA ASSURANCE BERHAD  
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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2015 (CONTINUED)

16 REGULATORY CAPITAL REQUIREMENTS

The capital structure of the Company as at 30 June 2015, as prescribed under the Risk Based Capital Framework is provided below:

	<u>30.6.2015</u> RM'000	<u>31.12.2014</u> RM'000
<u>Eligible Tier 1 Capital</u>		
Share capital (paid-up)	342,000	342,000
Share premium	16,000	16,000
Retained earnings	54,769	247,065
Eligible contract liabilities	63,196	16,487
	<hr/> 475,965	<hr/> 621,552
<u>Tier 2 Capital</u>		
Amounts added to/(deducted from) capital	-	-
	<hr/> 475,965	<hr/> 621,552
Total capital available	<hr/> <hr/> 475,965	<hr/> <hr/> 621,552

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## SUN LIFE MALAYSIA ASSURANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2015 (CONTINUED)

## 17 INSURANCE FUNDS

The Company's activities are organised by funds and segregated into Life and Shareholders' funds in accordance with the Financial Services Act, 2013 and Insurance Regulations, 1996.

The Company's statement of financial position and statement of comprehensive income have been further analysed by funds which are as follows:

Statement of financial position by Funds as at 30 June 2015

	Shareholders' Fund		Life Fund		Elimination		Total	
	<u>30.06.2015</u>	<u>31.12.2014</u>	<u>30.06.2015</u>	<u>31.12.2014</u>	<u>30.06.2015</u>	<u>31.12.2014</u>	<u>30.06.2015</u>	<u>31.12.2014</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Assets</u>								
Property and equipment	-	-	49,641	47,024	-	-	49,641	47,024
Financial assets	430,366	375,316	1,260,726	1,328,419	(35,106)	(35,408)	1,655,986	1,668,327
Loans and receivables	16,607	19,700	55,082	135,402	-	-	71,689	155,102
Reinsurance assets	-	-	108,376	98,936	-	-	108,376	98,936
Insurance receivables	-	-	5,585	3,607	-	-	5,585	3,607
Other receivables	46,101	253,814	16,690	12,357	(49,347)	(252,001)	13,444	14,170
Cash and bank balances	11	10	33,975	20,861	-	-	33,986	20,871
Total assets	<u>493,085</u>	<u>648,840</u>	<u>1,530,075</u>	<u>1,646,606</u>	<u>(84,453)</u>	<u>(287,409)</u>	<u>1,938,707</u>	<u>2,008,037</u>

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**SUN LIFE MALAYSIA ASSURANCE BERHAD**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2015 (CONTINUED)**

17 **INSURANCE FUNDS (CONTINUED)**

Statement of financial position by Funds as at 30 June 2015 (continued)

	Shareholders' Fund		Life Fund		Elimination		Total	
	30.06.2015	31.12.2014	30.06.2015	31.12.2014	30.06.2015	31.12.2014	30.06.2015	31.12.2014
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Share capital	342,000	342,000	-	-	-	-	342,000	342,000
Share premiums	16,000	16,000	-	-	-	-	16,000	16,000
Retained earnings	54,769	247,065	-	-	-	-	54,769	247,065
Reserves	47,111	10,045	-	-	-	-	47,111	10,045
<b>Total equity</b>	<b>459,880</b>	<b>615,110</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>459,880</b>	<b>615,110</b>
<u>Liabilities</u>								
Insurance contract liabilities	-	-	1,414,661	1,328,340	(35,106)	(35,408)	1,379,555	1,292,932
Insurance claims liabilities	-	-	15,925	12,770	-	-	15,925	12,770
Insurance payables	-	-	12,834	13,291	-	-	12,834	13,291
Other financial liabilities	-	-	11,933	12,008	-	-	11,933	12,008
Other payables	449	663	73,778	283,005	(49,347)	(252,001)	24,880	31,667
Current tax liabilities	17,535	28,226	(539)	(3,480)	-	-	16,996	24,746
Deferred tax liabilities	15,221	4,841	1,483	672	-	-	16,704	5,513
<b>Total liabilities</b>	<b>33,205</b>	<b>33,730</b>	<b>1,530,075</b>	<b>1,646,606</b>	<b>(84,453)</b>	<b>(287,409)</b>	<b>1,478,827</b>	<b>1,392,927</b>
<b>Total equity, policyholders' funds and liabilities</b>	<b>493,085</b>	<b>648,840</b>	<b>1,530,075</b>	<b>1,646,606</b>	<b>(84,453)</b>	<b>(287,409)</b>	<b>1,938,707</b>	<b>2,008,037</b>

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**SUN LIFE MALAYSIA ASSURANCE BERHAD**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2015 (CONTINUED)**

17 **INSURANCE FUNDS (CONTINUED)**

Statement of comprehensive income by Funds for the six months period ended 30 June 2015

	<u>Shareholders' Fund</u>		<u>Life Fund</u>		<u>Elimination</u>		<u>Total</u>	
	<u>6 months period ended 30.6.2015 RM'000</u>	<u>6 months period ended 30.6.2014 RM'000</u>	<u>6 months period ended 30.6.2015 RM'000</u>	<u>6 months period ended 30.6.2014 RM'000</u>	<u>6 months period ended 30.6.2015 RM'000</u>	<u>6 months period ended 30.6.2014 RM'000</u>	<u>6 months period ended 30.6.2015 RM'000</u>	<u>6 months period ended 30.6.2014 RM'000</u>
Gross premiums	-	-	283,117	241,381	-	-	283,117	241,381
Premiums ceded to reinsurers	-	-	(31,575)	(28,132)	-	-	(31,575)	(28,132)
Net premiums	-	-	251,542	213,249	-	-	251,542	213,249
Investment income	8,224	8,612	32,113	25,240	-	-	40,337	33,852
Net realised gains	-	-	-	6	-	-	-	6
Net fair value gains	2,450	3,304	8,556	2,880	301	-	11,307	6,184
Other operating income	2	270	755	445	-	-	757	715
Other income	10,676	12,186	41,424	28,571	301	-	52,401	40,757
Gross benefits and claims paid	-	-	(122,835)	(96,360)	-	-	(122,835)	(96,360)
Claims ceded to reinsurers	-	-	25,568	17,887	-	-	25,568	17,887
Gross change in contract liabilities	-	-	(86,322)	(53,632)	(301)	-	(86,623)	(53,632)
Change in contract liabilities ceded to reinsurers	-	-	9,081	3,014	-	-	9,081	3,014
Net claims	-	-	(174,508)	(129,091)	(301)	-	(174,809)	(129,091)

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2015 (CONTINUED)

17 INSURANCE FUNDS (CONTINUED)

Statement of comprehensive income by Funds for the six months period ended 30 June 2015 (continued)

	<u>Shareholders' Fund</u>		<u>Life Fund</u>		<u>Elimination</u>		<u>Total</u>	
	<u>6 months period ended 30.6.2015 RM'000</u>	<u>6 months period ended 30.6.2014 RM'000</u>	<u>6 months period ended 30.6.2015 RM'000</u>	<u>6 months period ended 30.6.2014 RM'000</u>	<u>6 months period ended 30.6.2015 RM'000</u>	<u>6 months period ended 30.6.2014 RM'000</u>	<u>6 months period ended 30.6.2015 RM'000</u>	<u>6 months period ended 30.6.2014 RM'000</u>
Commission expense	-	-	(22,938)	(22,433)	-	-	(22,938)	(22,433)
Management expenses	-	-	(43,551)	(47,937)	-	-	(43,551)	(47,937)
Other operating expenses	(395)	-	(877)	-	-	-	(1,272)	-
Investment expenses	(11)	(24)	(998)	(831)	-	-	(1,009)	(855)
Other expenses	(406)	(24)	(68,364)	(71,201)	-	-	(68,770)	(71,225)
Profit before taxation	10,270	12,162	50,094	41,528	-	-	60,364	53,690
Tax expense attributable to policyholders and unitholders	-	-	106	(148)	-	-	106	(148)
Transfer from life fund	46,919	39,295	(46,919)	(39,295)	-	-	-	-
Profit before taxation attributable to Shareholders	57,189	51,457	3,281	2,085	-	-	60,470	53,542

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2015 (CONTINUED)

17 INSURANCE FUNDS (CONTINUED)

Statement of comprehensive income by Funds for the six months period ended 30 June 2015 (continued)

	Shareholders' Fund		Life Fund		Elimination		Total	
	6 months period ended 30.6.2015 RM'000	6 months period ended 30.6.2014 RM'000	6 months period ended 30.6.2015 RM'000	6 months period ended 30.6.2014 RM'000	6 months period ended 30.6.2015 RM'000	6 months period ended 30.6.2014 RM'000	6 months period ended 30.6.2015 RM'000	6 months period ended 30.6.2014 RM'000
Profit before taxation attributable to Shareholders	57,189	51,457	3,281	2,085	-	-	60,470	53,542
Taxation *	(12,420)	(11,328)	(3,175)	(2,233)	-	-	(15,595)	(13,561)
Tax expense attributable to policyholders and unitholders	-	-	(106)	148	-	-	(106)	148
Tax expense attributable to Shareholders	(12,420)	(11,328)	(3,281)	(2,085)	-	-	(15,701)	(13,413)
Net profit for the financial period	44,769	40,129	-	-	-	-	44,769	40,129

\* The taxation of Shareholders' Fund is on the profit before taxation whereas Life Fund is on the investment income.