

Company No.

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SUN LIFE MALAYSIA ASSURANCE BERHAD
(formerly known as CIMB Aviva Assurance Berhad)
(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 30 JUNE 2013

Company No.

197499	U
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SUN LIFE MALAYSIA ASSURANCE BERHAD
(formerly known as CIMB Aviva Assurance Berhad)
(Incorporated in Malaysia)

CONTENTS	PAGE
UNAUDITED STATEMENT OF FINANCIAL POSITION	1
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME	2
UNAUDITED STATEMENT OF CHANGES IN EQUITY	3
UNAUDITED STATEMENT OF CASH FLOWS	4 – 5
NOTES TO THE FINANCIAL STATEMENTS	6 – 20

Company No.

197499	U
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SUN LIFE MALAYSIA ASSURANCE BERHAD
(formerly known as CIMB Aviva Assurance Berhad)
(Incorporated in Malaysia)

**UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013**

	<u>Note</u>	<u>30.06.2013</u> RM'000	<u>31.12.2012</u> RM'000
ASSETS			
Property and equipment		46,363	47,066
Financial assets	13	1,177,314	1,068,140
Loans and receivables		422,236	493,758
Reinsurance assets	14	73,620	66,989
Insurance receivables		7,872	5,765
Other receivables		9,699	6,018
Cash and bank balances		11,678	3,580
Current tax assets		24,308	10,879
Total assets		<u>1,773,090</u>	<u>1,702,195</u>
EQUITY, POLICYHOLDERS' FUNDS AND LIABILITIES			
Share capital		342,000	342,000
Share premiums		16,000	16,000
Retained earnings		51,004	44,748
Reserves		93,484	54,791
Total equity		<u>502,488</u>	<u>457,539</u>
Insurance contract liabilities	15	1,161,935	1,132,404
Insurance claims liabilities		14,826	14,992
Insurance payables		8,875	15,395
Other financial liabilities		36,308	29,247
Other payables		24,182	38,373
Deferred tax liabilities		24,476	14,245
Total liabilities		<u>1,270,602</u>	<u>1,244,656</u>
TOTAL EQUITY, POLICYHOLDERS' FUNDS AND LIABILITIES		<u>1,773,090</u>	<u>1,702,195</u>

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

Company No.

197499	U
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SUN LIFE MALAYSIA ASSURANCE BERHAD
(formerly known as CIMB Aviva Assurance Berhad)
(Incorporated in Malaysia)

**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 30 JUNE 2013**

	6 months ended <u>30.6.2013</u> RM'000	6 months ended <u>30.6.2012</u> RM'000
Gross premiums	182,290	127,393
Premiums ceded to reinsurers	(20,697)	30,438
Net premiums	<u>161,593</u>	<u>157,831</u>
Investment income	32,779	25,217
Net realised losses	(1)	(22)
Net fair value gains	4,827	7,290
Other operating income	695	6,608
Other income	<u>38,300</u>	<u>39,093</u>
Gross benefits and claims paid	(83,737)	(75,519)
Claims ceded to reinsurers	21,106	10,533
Gross change in contract liabilities	(29,531)	11,408
Change in contract liabilities ceded to reinsurers	5,750	(24,464)
Net claims	<u>(86,412)</u>	<u>(78,042)</u>
Fee and commission expense	(17,554)	(13,046)
Management expenses	(34,392)	(35,579)
Other operating expenses	(4,168)	(3,335)
Investment expenses	(657)	(622)
Other expenses	<u>(56,771)</u>	<u>(52,582)</u>
Profit before taxation	56,710	66,300
Taxation	(11,761)	(16,575)
Net profit for the financial period	<u>44,949</u>	<u>49,725</u>
Other comprehensive income for the financial period	-	-
Total comprehensive income for the financial period	<u><u>44,949</u></u>	<u><u>49,725</u></u>
Earnings per share (sen)		
Basic	<u>18.57</u>	<u>20.55</u>

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Company No.

197499	U
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SUN LIFE MALAYSIA ASSURANCE BERHAD
(formerly known as CIMB Aviva Assurance Berhad)
(Incorporated in Malaysia)

**UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 30 JUNE 2013**

	Share <u>capital</u> RM'000	Share <u>premium</u> RM'000	Non- distributable <u>Reserves*</u> RM'000	Retained <u>earnings</u> RM'000	<u>Total</u> RM'000
As at 1 January 2012	342,000	16,000	-	23,158	381,158
Effects on adoption of MFRS	-	-	13,881	-	13,881
As at 1 January 2012 - Under MFRS	342,000	16,000	13,881	23,158	395,039
Dividends	-	-	-	(8,000)	(8,000)
Total comprehensive income for the financial period	-	-	45,479	4,246	49,725
As at 30 June 2012	<u>342,000</u>	<u>16,000</u>	<u>59,360</u>	<u>19,404</u>	<u>428,764</u>
As at 1 January 2013	342,000	16,000	54,791	44,748	457,539
Total comprehensive income for the financial period	-	-	38,693	6,256	44,949
As at 30 June 2013	<u>342,000</u>	<u>16,000</u>	<u>93,484</u>	<u>51,004</u>	<u>502,488</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.

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Company No.

197499	U
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SUN LIFE MALAYSIA ASSURANCE BERHAD
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**UNAUDITED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 30 JUNE 2013**

	6 months ended <u>30.6.2013</u> RM'000	6 months ended <u>30.6.2012</u> RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit for the financial period	44,949	49,725
Adjustments for:		
Gross change in contract liabilities	29,531	(11,408)
Change in contract liabilities ceded to reinsurers	(5,750)	24,464
Property and equipment		
- depreciation	1,900	2,016
- loss on disposal	1	22
Net fair value gain on investments at fair value through profit or loss	(4,827)	(7,290)
Interest income	(30,156)	(7,674)
Dividend income	(2,372)	(1,452)
Rental income	(251)	(210)
Taxation	11,761	16,575
Tax expense on investment income of Life fund and Investment-linked funds	2,242	3,314
	<hr/>	<hr/>
Profit from operations before changes in operating assets and liabilities	47,028	68,082
Decrease in loans and receivables	71,701	4,940
Decrease/(increase) in receivables	6,913	(23,559)
Decrease in insurance claims liabilities	(1,047)	(1,364)
Decrease in payables	(13,650)	(52,752)
Purchase of investments	(429,495)	(79,557)
Proceeds from disposal and maturity of investments	344,683	83,421
	<hr/>	<hr/>
	26,133	(789)
Investment income received:		
- Dividend	2,237	1,478
- Interest	10,442	6,893
- Rental	251	210
Taxation paid	(17,137)	(5,582)
	<hr/>	<hr/>
Net cash generated from operating activities	21,926	2,210
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Company No.

197499	U
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SUN LIFE MALAYSIA ASSURANCE BERHAD
(formerly known as CIMB Aviva Assurance Berhad)
(Incorporated in Malaysia)

UNAUDITED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 30 JUNE 2013 (CONTINUED)

	6 months ended <u>30.6.2013</u> RM'000	6 months ended <u>30.6.2012</u> RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property and equipment	7	360
Purchase of property and equipment	(1,205)	(1,863)
Net cash used in investing activities	<u>(1,198)</u>	<u>(1,503)</u>
CASH FLOWS FROM FINANCING ACTIVITY		
Dividend paid	-	(8,000)
Net cash used in financing activity	<u>-</u>	<u>(8,000)</u>
Net increase/(decrease) in cash and cash equivalents	20,728	(7,293)
Cash and cash equivalents at beginning of the financial period	<u>3,580</u>	<u>8,739</u>
Cash and cash equivalents at end of the financial period	<u><u>24,308</u></u>	<u><u>1,446</u></u>
Cash and cash equivalents comprise:		
Cash and bank balances	<u><u>24,308</u></u>	<u><u>1,446</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.

Company No.

197499	U
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SUN LIFE MALAYSIA ASSURANCE BERHAD
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(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2013**

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 financial period.

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 11th Floor, No.338, Jalan Tuanku Abdul Rahman, 50100 Kuala Lumpur Malaysia.

2 BASIS OF PREPARATION

The unaudited interim financial statements of the Company have been prepared in accordance with the 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 2012.

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 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.

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 2012, except for the following:

<u>MFRSs/Interpretations</u>	<u>Effective Date</u>
MFRS 7 "Financial instruments: Disclosures"	1 January 2013
MFRS 10 "Consolidated financial statements"	1 January 2013
MFRS 13 "Fair value measurement"	1 January 2013
MFRS 101 "Presentation of items of other comprehensive income"	1 July 2012
MFRS 119 "Employee benefits"	1 January 2013

The adoption of the revised standards, amendments and interpretations issued by MASB which are effective in the current financial period do not have any material impact to the financial statements of the Company.

4 SEASONALITY OF OPERATIONS

The business operations of the Company were not materially affected by any seasonal or cyclical fluctuations during the current interim period ended 30 June 2013.

Company No.

197499	U
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SUN LIFE MALAYSIA ASSURANCE BERHAD

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(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2013 (CONTINUED)

5 CHANGES IN ESTIMATES

There was no change in estimates of amounts reported in prior financial year that has a material effect in the current interim period ended 30 June 2013.

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

There was no item affecting assets, liabilities, equity, net income or cash flows which are unusual because of their nature, size or incidence in the current interim period ended 30 June 2013.

7 ISSUANCE OR REPAYMENT OF DEBT AND EQUITY SECURITIES

There were no issues, repurchases and repayments of debt and equity securities during the current interim period ended 30 June 2013.

8 DIVIDENDS PAID

No dividends has been paid or declared by the Company since the end of the previous financial year.

9 COMMITMENTS AND CONTINGENCIES

There were no commitments and contingencies that have arisen during the current interim period ended 30 June 2013, except for those disclosed in Note 16.

10 SIGNIFICANT EVENTS AND TRANSACTIONS

On 12 April 2013, Renggis Ventures Sdn Bhd, a subsidiary of Khazanah Nasional Bhd, and Sun Life Assurance Company of Canada, a subsidiary of Sun Life Financial Inc., have successfully completed the acquisition of CIMB Aviva Assurance Berhad.

11 SUBSEQUENT EVENTS

On 19 August 2013, the Company changed its name from CIMB Aviva Assurance Berhad to Sun Life Malaysia Assurance Berhad.

12 EFFECT OF CHANGES IN THE COMPOSITION OF THE COMPANY

Renggis Ventures Sdn Bhd has acquired 51% of CIMB Aviva Assurance Berhad from CIG Berhad and Sun Life Assurance Company of Canada has acquired 49% of CIMB Aviva Assurance Berhad from Aviva International Holdings Ltd during the current interim period ended 30 June 2013.

Company No.

197499	U
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SUN LIFE MALAYSIA ASSURANCE BERHAD
(formerly known as CIMB Aviva Assurance Berhad)
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2013 (CONTINUED)

13 FINANCIAL ASSETS

	<u>30.06.2013</u>	<u>31.12.2012</u>
	RM'000	RM'000
Malaysian Government Securities	485,746	491,297
Cagamas	22,596	22,859
Unquoted corporate debt securities	431,400	389,115
Quoted equity securities	114,752	81,527
Unit trust funds	52,733	12,738
Negotiable instrument of deposits	25,970	27,407
Investment-linked funds	34,298	33,133
Unquoted equity securities	174	174
Accrued interest	9,645	9,890
	<u>1,177,314</u>	<u>1,068,140</u>

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

	<u>30.06.2013</u>	<u>31.12.2012</u>
	RM'000	RM'000
Fair value through profit or loss ("FVTPL")		
– designated upon initial recognition	1,167,669	1,058,250
Accrued interest	9,645	9,890
	<u>1,177,314</u>	<u>1,068,140</u>

The following financial assets mature after 12 months:

	<u>30.06.2013</u>	<u>31.12.2012</u>
	RM'000	RM'000
FVTPL – designated upon initial recognition	<u>790,988</u>	<u>858,136</u>

Company No.

197499	U
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SUN LIFE MALAYSIA ASSURANCE BERHAD
(formerly known as CIMB Aviva Assurance Berhad)
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2013 (CONTINUED)

13 FINANCIAL ASSETS (CONTINUED)

	<u>30.06.2013</u> RM'000	<u>31.12.2012</u> RM'000
(a) FVTPL - designated upon initial recognition		
Malaysian Government Securities	485,746	491,297
Cagamas	22,596	22,859
Unquoted corporate debt securities	431,400	389,115
Quoted equity securities	114,752	81,527
Unit trust funds	52,733	12,738
Negotiable instrument of deposits	25,970	27,407
Investment-linked funds	34,298	33,133
Unquoted equity securities	174	174
Accrued interest	9,645	9,890
	<u>1,177,314</u>	<u>1,068,140</u>
(b) Carrying values of financial assets		<u>FVTPL</u> RM'000
At 1 January 2012		1,021,088
Purchases		377,477
Maturities		(103,227)
Disposals		(226,886)
Fair value loss recorded in:		
Profit or loss		(814)
Movement in accrued interest		502
At 31 December 2012		<u>1,068,140</u>
Purchases		429,495
Maturities		(142,788)
Disposals		(177,158)
Fair value loss recorded in:		
Profit or loss		(130)
Movement in accrued interest		(245)
At 30 June 2013		<u>1,177,314</u>

Company No.

197499	U
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SUN LIFE MALAYSIA ASSURANCE BERHAD
(formerly known as CIMB Aviva Assurance Berhad)
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2013 (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.

SUN LIFE MALAYSIA ASSURANCE BERHAD

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(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 30 JUNE 2013 (CONTINUED)

13 FINANCIAL ASSETS (CONTINUED)

(c) Fair value hierarchy (continued)

The following table presents the Company's financial assets that are carried at fair value as at 30 June 2013:

	<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>30.06.2013</u>				
Malaysian Government Securities	-	485,746	-	485,746
Cagamas	-	22,596	-	22,596
Unquoted corporate debt securities	-	431,400	-	431,400
Quoted equity securities	114,752	-	-	114,752
Unit trust funds	52,733	-	-	52,733
Negotiable instrument of deposits	-	25,970	-	25,970
Investment-linked funds	34,298	-	-	34,298
Unquoted equity securities	-	-	174	174
Accrued interest	-	9,645	-	9,645
	<u>201,783</u>	<u>975,357</u>	<u>174</u>	<u>1,177,314</u>
<u>31.12.2012</u>				
Malaysian Government Securities	-	491,297	-	491,297
Cagamas	-	22,859	-	22,859
Unquoted corporate debt securities	-	389,115	-	389,115
Quoted equity securities	81,527	-	-	81,527
Unit trust funds	12,738	-	-	12,738
Negotiable instrument of deposits	-	27,407	-	27,407
Investment-linked funds	33,133	-	-	33,133
Unquoted equity securities	-	-	174	174
Accrued interest	-	9,890	-	9,890
	<u>127,398</u>	<u>940,568</u>	<u>174</u>	<u>1,068,140</u>

Company No.

197499	U
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SUN LIFE MALAYSIA ASSURANCE BERHAD
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2013 (CONTINUED)

14 REINSURANCE ASSETS

	<u>30.06.2013</u> RM'000	<u>31.12.2012</u> RM'000
Reinsurance of insurance contracts		
- insurance claims liabilities	5,687	4,806
- insurance contract liabilities (note 15)	67,933	62,183
	<u>73,620</u>	<u>66,989</u>

Company No.

197499	U
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SUN LIFE MALAYSIA ASSURANCE BERHAD
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 (Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2013 (CONTINUED)

15 **INSURANCE CONTRACT LIABILITIES**

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

	<u>30.06.2013</u>			<u>31.12.2012</u>		
	<u>Gross</u>	<u>Re-</u>	<u>Net</u>	<u>Gross</u>	<u>Re-</u>	<u>Net</u>
	RM'000	insurance	RM'000	RM'000	insurance	RM'000
		RM'000			RM'000	
Actuarial liabilities	1,073,717	(67,933)	1,005,784	1,043,686	(62,183)	981,503
Unallocated surplus	-	-	-	224	-	224
Net asset value attributable to unitholders	88,218	-	88,218	88,494	-	88,494
	<u>1,161,935</u>	<u>(67,933)</u>	<u>1,094,002</u>	<u>1,132,404</u>	<u>(62,183)</u>	<u>1,070,221</u>

Company No.

197499

U

SUN LIFE MALAYSIA ASSURANCE BERHAD
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(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2013 (CONTINUED)

15 INSURANCE CONTRACT LIABILITIES (CONTINUED)

	<u>Gross</u> RM'000	<u>Reinsurance</u> RM'000	<u>Net</u> RM'000
At 1 January 2013	1,132,404	(62,183)	1,070,221
<u>Projected changes of inforce policies</u>			
Premium income	47,083	(20,821)	26,262
Expense and commission	(10,957)	66	(10,891)
Benefits	(81,760)	19,647	(62,113)
Interest on cashflows	14,462	(917)	13,545
Others	(5,362)	3,623	(1,739)
Experience variance on inforce policies	4,544	(246)	4,298
Reserve for new policies	65,552	(7,150)	58,402
<u>Assumption changes</u>			
Discount rate	(4,137)	303	(3,834)
Other changes	606	(255)	351
Movement in unallocated surplus	(224)	-	(224)
Movement in net asset value attributable to unitholders	(276)	-	(276)
At 30 June 2013	<u>1,161,935</u>	<u>(67,933)</u>	<u>1,094,002</u>

Company No.

197499

U

SUN LIFE MALAYSIA ASSURANCE BERHAD
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(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2013 (CONTINUED)

15 INSURANCE CONTRACT LIABILITIES (CONTINUED)

	<u>Gross</u> RM'000	<u>Reinsurance</u> RM'000	<u>Net</u> RM'000
At 1 January 2012	1,091,209	(82,416)	1,008,793
<u>Projected changes of inforce policies</u>			
Premium income	66,665	(36,444)	30,221
Expense and commission	(16,715)	139	(16,576)
Benefits	(147,685)	35,304	(112,381)
Interest on cashflows	27,283	(1,563)	25,720
Others	(6,880)	4,957	(1,923)
Experience variance on inforce policies	6,956	27	6,983
Reserve for new policies	82,635	(8,048)	74,587
<u>Assumption changes</u>			
Discount rate	11,578	(874)	10,704
Lapse rates	6,293	(111)	6,182
Restructuring of reinsurance arrangement	-	27,666	27,666
Expense reserve	15,532	-	15,532
Other changes	4,154	(820)	3,334
Movement in unallocated surplus	(291)	-	(291)
Movement in net asset value attributable to unitholders	(8,330)	-	(8,330)
At 31 December 2012	<u>1,132,404</u>	<u>(62,183)</u>	<u>1,070,221</u>

Company No.

197499	U
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SUN LIFE MALAYSIA ASSURANCE BERHAD
 (formerly known as CIMB Aviva Assurance Berhad)
 (Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2013 (CONTINUED)

16 CAPITAL COMMITMENTS

	<u>30.06.2013</u>	<u>31.12.2012</u>
	RM'000	RM'000
Capital expenditure		
Approved and contracted for:		
Property and equipment	550	478
	<u>550</u>	<u>478</u>

17 REGULATORY CAPITAL REQUIREMENTS

The capital structure of the Company as at 30 June 2013, as prescribed under the Risk Based Capital Framework is provided below:

	<u>30.06.2013</u>	<u>31.12.2012</u>
	RM'000	RM'000
<u>Eligible Tier 1 Capital</u>		
Share capital	342,000	342,000
Share premium	16,000	16,000
Retained earnings	51,004	44,748
Eligible contract liabilities	120,745	72,602
	<u>529,749</u>	<u>475,350</u>
<u>Tier 2 Capital</u>		
Amounts added to capital	(3,872)	(5,366)
Total capital available	<u>525,877</u>	<u>469,984</u>

Company No.

197499	U
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SUN LIFE MALAYSIA ASSURANCE BERHAD

(formerly known as CIMB Aviva Assurance Berhad)

(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2013 (CONTINUED)**

18 INSURANCE FUNDS

The Company's activities are organised by funds and segregated into Life and Shareholders' funds in accordance with the Insurance Act, 1996 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:

Unaudited Statement of Financial Position by Funds as at 30 June 2013

	<u>Shareholders' Fund</u>		<u>Life Fund</u>		<u>Elimination</u>		<u>Total</u>	
	<u>30.06.2013</u>	<u>31.12.2012</u>	<u>30.06.2013</u>	<u>31.12.2012</u>	<u>30.06.2013</u>	<u>31.12.2012</u>	<u>30.06.2013</u>	<u>31.12.2012</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Assets</u>								
Property and equipment	-	-	46,363	47,066	-	-	46,363	47,066
Financial assets	259,351	164,658	917,963	903,482	-	-	1,177,314	1,068,140
Loans and receivables	140,841	225,700	281,395	268,058	-	-	422,236	493,758
Reinsurance assets	-	-	73,620	66,989	-	-	73,620	66,989
Insurance receivables	-	-	7,872	5,765	-	-	7,872	5,765
Other receivables	118,306	70,064	9,699	6,018	(118,306)	(70,064)	9,699	6,018
Cash and bank balances	24	25	11,654	3,555	-	-	11,678	3,580
Current tax assets	9,549	11,201	14,759	(322)	-	-	24,308	10,879
Total assets	528,071	471,648	1,363,325	1,300,611	(118,306)	(70,064)	1,773,090	1,702,195

Company No.

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SUN LIFE MALAYSIA ASSURANCE BERHAD

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(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2013 (CONTINUED)**

18 INSURANCE FUNDS (CONTINUED)

Unaudited Statement of Financial Position by Funds as at 30 June 2013 (continued)

	Shareholders' Fund		Life Fund		Elimination		Total	
	30.06.2013	31.12.2012	30.06.2013	31.12.2012	30.06.2013	31.12.2012	30.06.2013	31.12.2012
	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	51,004	44,748	-	-	-	-	51,004	44,748
Reserves	93,484	54,791	-	-	-	-	93,484	54,791
Total equity	502,488	457,539	-	-	-	-	502,488	457,539
<u>Liabilities</u>								
Insurance contract liabilities	-	-	1,161,935	1,132,404	-	-	1,161,935	1,132,404
Insurance claims liabilities	-	-	14,826	14,992	-	-	14,826	14,992
Insurance payables	-	-	8,875	15,395	-	-	8,875	15,395
Other financial liabilities	-	-	36,308	29,247	-	-	36,308	29,247
Other payables	1,370	-	141,118	108,437	(118,306)	(70,064)	24,182	38,373
Deferred tax liabilities	24,213	14,109	263	136	-	-	24,476	14,245
Total liabilities	25,583	14,109	1,363,325	1,300,611	(118,306)	(70,064)	1,270,602	1,244,656
Total equity, policyholders' funds and liabilities	528,071	471,648	1,363,325	1,300,611	(118,306)	(70,064)	1,773,090	1,702,195

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SUN LIFE MALAYSIA ASSURANCE BERHAD

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(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2013 (CONTINUED)**

18 INSURANCE FUNDS (CONTINUED)

Unaudited Statement of Comprehensive Income for the half-year ended 30 June 2013

	Shareholders' Fund		Life Fund		Total	
	6 months ended 30.6.2013 RM'000	6 months ended 30.6.2012 RM'000	6 months ended 30.6.2013 RM'000	6 months ended 30.6.2012 RM'000	6 months ended 30.6.2013 RM'000	6 months ended 30.6.2012 RM'000
Gross premiums	-	-	182,290	127,393	182,290	127,393
Premiums ceded to reinsurers	-	-	(20,697)	30,438	(20,697)	30,438
Net premiums	-	-	161,593	157,831	161,593	157,831
Investment income	9,656	4,149	23,123	21,068	32,779	25,217
Net realised losses	-	-	(1)	(22)	(1)	(22)
Net fair value gains	740	1,513	4,087	5,777	4,827	7,290
Other operating income	-	-	695	6,608	695	6,608
Other income	10,396	5,662	27,904	33,431	38,300	39,093
Gross benefits and claims paid	-	-	(83,737)	(75,519)	(83,737)	(75,519)
Claims ceded to reinsurers	-	-	21,106	10,533	21,106	10,533
Gross change in contract liabilities	-	-	(29,531)	11,408	(29,531)	11,408
Change in contract liabilities ceded to reinsurers	-	-	5,750	(24,464)	5,750	(24,464)
Net claims	-	-	(86,412)	(78,042)	(86,412)	(78,042)

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2013 (CONTINUED)**

18 INSURANCE FUNDS (CONTINUED)

Unaudited Statement of Comprehensive Income for the half-year ended 30 June 2013 (continued)

	Shareholders' Fund		Life Fund		Total	
	6 months ended 30.6.2013 RM'000	6 months ended 30.6.2012 RM'000	6 months ended 30.6.2013 RM'000	6 months ended 30.6.2012 RM'000	6 months ended 30.6.2013 RM'000	6 months ended 30.6.2013 RM'000
Fee and commission expense	-	-	(17,554)	(13,046)	(17,554)	(13,046)
Management expenses	-	-	(34,392)	(35,579)	(34,392)	(35,579)
Other operating expenses	(1,926)	-	(2,242)	(3,335)	(4,168)	(3,385)
Investment expenses	-	-	(657)	(622)	(657)	(622)
Other expenses	(1,926)	-	(54,845)	(52,582)	(56,771)	(52,582)
Profit from operations	8,470	5,662	48,240	60,638	56,710	66,300
Transfer from life fund	48,240	60,638	(48,240)	(60,638)	-	-
Profit before taxation	56,710	66,300	-	-	56,710	66,300
Taxation	(11,761)	(16,575)	-	-	(11,761)	(16,575)
Net profit for the financial period	44,949	49,725	-	-	44,949	49,725