

Company No.

197499	U
--------	---

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018

2874A8/py

Company No.

197499	U
--------	---

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

CONTENTS	PAGE
UNAUDITED STATEMENT OF FINANCIAL POSITION	1
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME	2-3
UNAUDITED STATEMENT OF CHANGES IN EQUITY	4
UNAUDITED STATEMENT OF CASH FLOWS	5 - 6
NOTES TO THE FINANCIAL STATEMENTS	7 - 35

Company No.

197499	U
--------	---

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

		Group		Company	
	Note	30.6.2018	31.12.2017	30.6.2018	31.12.2017
		RM'000	RM'000	RM'000	RM'000
ASSETS					
Property and equipment		54,973	54,945	54,973	54,945
Intangible assets		5,361	5,868	5,361	5,868
Financial assets	13	1,761,782	1,812,956	1,766,487	1,815,245
Loans and receivables		88,844	90,247	84,070	82,717
Reinsurance assets	14	80,007	72,020	80,007	72,020
Insurance receivables		16,690	6,860	16,690	6,860
Other receivables		14,514	23,655	14,514	23,655
Current tax assets		12,743	578	12,743	578
Cash and bank balances		21,816	23,830	21,810	23,825
TOTAL ASSETS		2,056,730	2,090,959	2,056,655	2,085,713
EQUITY, POLICYHOLDERS' FUNDS AND LIABILITIES					
Share capital		358,000	358,000	358,000	358,000
Retained earnings		32,807	111,777	32,807	111,777
Reserves		132,700	73,566	132,700	73,566
Total equity		523,507	543,343	523,507	543,343
Insurance contract liabilities	15	1,399,150	1,414,212	1,399,150	1,414,212
Insurance claims liabilities		23,685	21,277	23,685	21,277
Insurance payables		15,843	12,444	15,843	12,444
Other financial liabilities		11,675	13,380	11,675	8,216
Other payables		44,410	59,530	44,335	59,448
Deferred tax liabilities		38,460	26,773	38,460	26,773
Total liabilities		1,533,223	1,547,616	1,533,148	1,542,370
TOTAL EQUITY, POLICYHOLDERS' FUNDS AND LIABILITIES		2,056,730	2,090,959	2,056,655	2,085,713

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

197499	U
--------	---

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018**

	Group		Company	
	6 months	6 month	6 months	6 months
	period ended	period ended	period ended	period ended
Note	30.6.2018	30.6.2017	30.6.2018	30.6.2017
	RM'000	RM'000	RM'000	RM'000
Gross premiums	287,739	257,018	287,739	257,018
Premiums ceded to reinsurers	(33,406)	(24,800)	(33,406)	(24,800)
Net premiums	254,333	232,218	254,333	232,218
Investment income	41,931	40,180	40,561	38,599
Net realised gains	-	95	-	95
Net fair value gains	-	35,778	-	37,276
Other operating income	1,435	1,272	1,435	1,272
Other income	43,366	77,325	41,996	77,242
Gross benefits and claims paid	(142,997)	(156,322)	(142,997)	(156,322)
Claims ceded to reinsurers	23,612	23,803	23,612	23,803
Gross change in contract liabilities	15,062	(38,178)	15,062	(38,178)
Change in contract liabilities ceded to reinsurers	8,218	6,028	8,218	6,028
Net claims	(96,105)	(164,669)	(96,105)	(164,669)
Net fair value losses	(28,773)	-	(27,828)	-
Commission expenses	(30,262)	(25,729)	(30,262)	(25,729)
Management expenses	(61,161)	(52,747)	(60,736)	(52,664)
Other operating expenses	(282)	(309)	(282)	(309)
Investment expenses	(994)	(1,008)	(994)	(1,008)
Other expenses	(121,472)	(79,793)	(120,102)	(79,710)

Company No.

197499	U
--------	---

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018 (CONTINUED)

	Group		Company	
	6 months period ended 30.6.2018 RM'000	6 month period ended 30.6.2017 RM'000	6 months period ended 30.6.2018 RM'000	6 months period ended 30.6.2017 RM'000
Profit before taxation	80,122	65,081	80,122	65,081
Tax expense attributable to policyholders and unitholders	(355)	(4,869)	(355)	(4,869)
Profit before taxation attributable to Shareholders	79,767	60,212	79,767	60,212
Taxation	16			
Tax expense attributable to policyholders and unitholders	(14,758)	(17,439)	(14,758)	(17,439)
	355	4,869	355	4,869
Tax expense attributable to Shareholders	(14,403)	(12,570)	(14,403)	(12,570)
Net profit and total comprehensive income for the financial period	65,364	47,642	65,364	47,642
Basic earnings per share (sen)	27.01	19.69	27.01	19.69

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

Company No.

197499	U
--------	---

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

**UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018**

<u>Group/Company</u>	<u>Share capital</u> RM'000	<u>Share premium</u> RM'000	<u>Reserves¹</u> RM'000	<u>Retained earnings</u> RM'000	<u>Total</u> RM'000
At 1 January 2018	358,000	-	73,566	111,777	543,343
Dividends	-	-	-	(85,200)	(85,200)
Total comprehensive income for the financial period	-	-	59,134	6,230	65,364
At 30 June 2018	<u>358,000</u>	<u>-</u>	<u>132,700</u>	<u>32,807</u>	<u>523,507</u>
At 1 January 2017	342,000	16,000	51,586	108,440	518,026
Dividends	-	-	-	(81,900)	(81,900)
Total comprehensive income for the financial period	-	-	38,398	9,244	47,642
Transition to no-par value regime on 31 January 2017 ²	16,000	(16,000)	-	-	-
At 30 June 2017	<u>358,000</u>	<u>-</u>	<u>89,984</u>	<u>35,784</u>	<u>483,768</u>

¹ 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.

² The new Companies Act 2016 (the "Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, any amount standing to the credit of the share premium account of RM16,000,000 became part of the Company's share capital pursuant to the transitional provisions set out in Section 618 (2) of the Act. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

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

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

UNAUDITED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018

	Group		Company	
	6 months period ended 30.6.2018 RM'000	6 month period ended 30.6.2017 RM'000	6 months period ended 30.6.2018 RM'000	6 months period ended 30.6.2017 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Net profit for the financial period	65,364	47,642	65,364	47,642
Adjustments for:				
Gross change in contract liabilities	(15,062)	38,178	(15,062)	38,178
Change in contract liabilities ceded to reinsurers	(8,218)	(6,028)	(8,218)	(6,028)
Property and equipment - depreciation	3,919	3,520	3,919	3,520
- gains on disposal	-	(95)	-	(95)
Amortisation of intangible assets	326	-	326	-
Net fair value losses/(gains) on investments at fair value through profit or loss	28,773	(35,778)	27,828	(37,276)
Allowance for impairment loss on insurance receivables	-	17	-	17
Interest income	(37,153)	(35,345)	(28,071)	(33,764)
Dividend income	(4,493)	(4,538)	(12,205)	(4,538)
Rental income	(285)	(297)	(285)	(297)
Taxation	14,758	17,439	14,758	17,439
Profit from operations before changes in operating assets and liabilities	47,929	24,715	48,354	24,798
Decrease/(increase) in loans and receivables	1,292	48,308	(1,462)	49,313
(Increase)/decrease in receivables	(348)	2,067	(348)	12,304
Increase in insurance claims liabilities	2,639	1,324	2,639	1,324
Decrease in payables	(11,245)	(15,735)	(6,074)	(18,366)
Purchase of investments	(360,077)	(806,525)	(280,196)	(787,370)
Proceeds from disposal and maturity of investments	381,853	802,074	300,452	771,395
	62,043	56,228	63,365	53,398
Investment income received:				
- Dividend	4,191	4,388	11,903	4,388
- Interest	37,889	35,264	28,854	38,089
- Rental	285	297	285	297
Taxation paid	(15,275)	(10,243)	(15,275)	(10,243)
Net cash generated from operating activities	89,133	85,934	89,132	85,929

Company No.

197499	U
--------	---

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

UNAUDITED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018 (CONTINUED)

	<u>Group</u>		<u>Company</u>	
	6 months period ended	6 month period ended	6 months period ended	6 months period ended
	<u>30.6.2018</u>	<u>30.6.2017</u>	<u>30.6.2018</u>	<u>30.6.2017</u>
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from disposal of property and equipment	-	104	-	104
Purchase of property and equipment	(3,947)	(2,063)	(3,947)	(2,063)
Purchase of intangible assets	(2,000)	-	(2,000)	-
Net cash used in investing activities	<u>(5,947)</u>	<u>(1,959)</u>	<u>(5,947)</u>	<u>(1,959)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividend paid	(85,200)	(81,900)	(85,200)	(81,900)
Net cash used in financing activities	<u>(85,200)</u>	<u>(81,900)</u>	<u>(85,200)</u>	<u>(81,900)</u>
Net (decrease)/increase in cash and cash equivalents	(2,014)	2,075	(2,015)	2,070
Cash and cash equivalents at beginning of the financial period	<u>23,830</u>	<u>16,666</u>	<u>23,825</u>	<u>16,666</u>
Cash and cash equivalents at end of the financial period	<u><u>21,816</u></u>	<u><u>18,741</u></u>	<u><u>21,810</u></u>	<u><u>18,736</u></u>
Cash and cash equivalents comprise:				
Cash and bank balances	<u><u>21,816</u></u>	<u><u>18,741</u></u>	<u><u>21,810</u></u>	<u><u>18,736</u></u>

The Group and the Company classify 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 treated accordingly under the operating activities.

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

Company No.

197499	U
--------	---

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018

1 CORPORATE INFORMATION

The Group and the Company are 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 2018.

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.

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 Group and the Company have been prepared in accordance with the Malaysian Financial Reporting Standard ("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 Group's and the Company's audited financial statements for the financial year ended 31 December 2017.

The Group and the Company have 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 Group and 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 Group's and 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 2018 (CONTINUED)

3 SIGNIFICANT ACCOUNTING POLICIES

(a) Standards, amendments to published standards and interpretations that are effective:

The amendments and improvements to published standards and interpretations that are relevant and have been adopted by the Group and the Company for the first time for the financial year beginning on or after 1 January 2018 are as follows:

(i) MFRS 15 Revenue from contracts with customers

The adoption of these amendments is anticipated not to have any material impact on the Group's and the Company's financial statements.

(b) Standards, amendments to published standards and interpretation to existing standards that are applicable to the Group and the Company but not yet effective:

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2018. None of these are expected to have a significant effect on the financial statements of the Group and the Company, except for the following set out below:

- Amendments to MFRS 4 - Applying MFRS 9 "Financial Instruments" with MFRS 4 "Insurance Contracts" effective for annual periods beginning on or after 1 January 2018.

The amendments allow entities to avoid temporary volatility in profit or loss that might result from adopting MFRS 9 "Financial Instruments" before the application of MFRS 17, the new insurance contracts standard. This is because certain financial assets have to be measured at fair value through profit or loss under MFRS 9; whereas, under MFRS 4 "Insurance Contracts", the related liabilities from insurance contracts are often measured on amortised cost basis

The amendments provide two different approaches for entities: (i) a temporary exemption from MFRS 9 for entities that meet specific requirements; and (ii) the overlay approach. Both approaches are optional.

The temporary exemption enables eligible entities to defer the implementation date of MFRS 9 to annual periods beginning 1 January 2021 at the latest. An entity may apply the temporary exemption from MFRS 9 if its activities are predominantly connected with insurance whilst the overlay approach allows an entity to adjust profit or loss for eligible financial assets by removing any accounting volatility to other comprehensive income that may arise from applying MFRS 9.

An entity can apply the temporary exemption from MFRS 9 from annual periods beginning on or after 1 January 2018. An entity may start applying the overlay approach when it applies MFRS 9 for the first time.

The Group's and the Company's business activity are predominately insurance and hence, qualify for the temporary exemption approach. Consequently, management has decided to apply the temporary exemption from MFRS 9 from its annual period beginning 1 January 2018 and will adopt MFRS 9 for its annual period beginning 1 January 2021, which is in line with the adoption of MFRS 17 Insurance Contracts. The additional disclosures are as set out in Note 20.

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018 (CONTINUED)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Standards, amendments to published standards and interpretation to existing standards that are applicable to the Group and the Company but not yet effective: (continued)

- MFRS 9 “Financial Instruments” (effective from 1 January 2018) will replace MFRS 139 “Financial Instruments: Recognition and Measurement”.

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 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 in profit or loss, unless this creates an accounting mismatch.

MFRS 9 introduces an expected credit loss model on impairment 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.

Based on the Group’s and the Company’s assessment, there is no expected material impact of this standard to their financial statements.

- MFRS 16 “Leases” (effective from 1 January 2019) supersedes MFRS 117 “Leases” and the related interpretations.

Under MFRS 16, a lease is a contract (or part of a contract) that conveys the right to control the use of an identified asset for a period of time in exchange for a consideration.

MFRS 16 eliminates the classification of leases by the lessee as either finance leases (on balance sheet) or operating leases (off balance sheet). MFRS 16 requires a lessee to recognise a “right-of-use” of the underlying asset and a lease liability reflecting future lease payments for most leases.

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018 (CONTINUED)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Standards, amendments to published standards and interpretation to existing standards that are applicable to the Group and the Company but not yet effective: (continued)

The right-of-use asset is depreciated in accordance with the principle in MFRS 116 "Property, Plant and Equipment" and the lease liability is reduced over time with interest expense recognised in the income statement.

The Group and the Company are in the process of assessing the financial impact of this standard onto their financial statements.

- MFRS 17 "Insurance Contracts" (effective from 1 January 2021) replaces MFRS 4 "Insurance Contracts"

MFRS 17 applies to insurance contracts issued, to all reinsurance contracts and to investment contracts with discretionary participating features if an entity also issues insurance contracts. For fixed-fee service contracts whose primary purpose is the provision of services, an entity has an accounting policy choice to account for them in accordance with either MFRS 17 or MFRS 15 "Revenue". An entity is allowed to account for financial guarantee contracts in accordance with MFRS 17 if the entity has asserted explicitly that it regarded them as insurance contracts. Insurance contracts, (other than reinsurance) where the entity is the policyholder are not within the scope of MFRS 17. Embedded derivatives and distinct investment and service components should be 'unbundled' and accounted for separately in accordance with the related MFRSs. Voluntary unbundling of other components is prohibited.

MFRS 17 requires a current measurement model where estimates are remeasured at each reporting period. The measurement is based on the building blocks of discounted, probability-weighted cash flows, a risk adjustment and a contractual service margin ("CSM") representing the unearned profit of the contract. An entity has a policy choice to recognise the impact of changes in discount rates and other assumptions that relate to financial risks either in profit or loss or in other comprehensive income.

Alternative measurement models are provided for the different insurance coverage:

- Simplified Premium Allocation Approach if the insurance coverage period is a year or less
- Variable Fee Approach should be applied for insurance contracts that specify a link between payments to the policyholder and the returns on the underlying items

The requirements of MFRS 17 align the presentation of revenue with other industries. Revenue is allocated to the periods in proportion to the value of the expected coverage and other services that the insurer provides in the period, and claims are presented when incurred. Investment components are excluded from revenue and claims.

Company No.

197499	U
--------	---

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018 (CONTINUED)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Standards, amendments to published standards and interpretation to existing standards that are applicable to the Group and the Company but not yet effective: (continued)

Insurers are required to disclose information about amounts, judgements and risks arising from insurance contracts.

The Group and the Company are in the process of assessing the financial impact of this standard onto their financial statements.

4 SEASONALITY OF OPERATIONS

The business operations of the Group and the Company were not materially affected by any seasonal or cyclical fluctuations during the six months period ended 30 June 2018.

5 CHANGES IN ESTIMATES

There were no changes in estimates of amounts reported in the prior financial year that have a material effect for the six months period ended 30 June 2018.

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 2018.

7 ISSUANCE OR REPAYMENT OF DEBTS AND EQUITY SECURITIES

There were no issues, repurchases and repayments of debts and equity securities during the six months period ended 30 June 2018.

Company No.

197499	U
--------	---

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018 (CONTINUED)

8 DIVIDENDS

Dividends paid by the Company during the six months period ended 30 June 2018:

- 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 2017 was paid on 13 June 2018 amounting to RM8,000,000;
- b) Single-Tier Final Dividend in respect of Ordinary Shares of 31.9008 sen per share for the financial year ended 31 December 2017 was paid on 13 June 2018 amounting to RM 77,199,936.

9 CONTINGENT LIABILITIES

There were no material contingent liabilities that have arisen during the six months period ended 30 June 2018.

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 2018.

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 2018.

12 EFFECT OF CHANGES IN THE COMPOSITION OF THE GROUP AND THE COMPANY

There were no changes in the composition of the Group and the Company during the six months period ended 30 June 2018.

Company No.

197499	U
--------	---

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018 (CONTINUED)

13 FINANCIAL ASSETS

	<u>Group</u>		<u>Company</u>	
	<u>30.6.2018</u>	<u>31.12.2017</u>	<u>30.6.2018</u>	<u>31.12.2017</u>
	RM'000	RM'000	RM'000	RM'000
Malaysian Government Securities	343,889	412,986	328,791	397,392
Cagamas bonds	21,126	21,356	21,126	21,356
Unquoted corporate debt securities	1,100,119	1,063,403	748,538	721,443
Quoted equity securities	123,817	143,336	123,817	143,336
Unit trust funds	172,657	171,701	172,657	171,701
Controlled structured entities	-	-	371,384	359,843
Unquoted equity securities	174	174	174	174
	<u>1,761,782</u>	<u>1,812,956</u>	<u>1,766,487</u>	<u>1,815,245</u>

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

	<u>Group</u>		<u>Company</u>	
	<u>30.6.2018</u>	<u>31.12.2017</u>	<u>30.6.2018</u>	<u>31.12.2017</u>
	RM'000	RM'000	RM'000	RM'000
Fair value through profit or loss ("FVTPL")				
- designated upon initial recognition	<u>1,761,782</u>	<u>1,812,956</u>	<u>1,766,487</u>	<u>1,815,245</u>

The following financial assets are expected to be realised after 12 months:

	<u>Group</u>		<u>Company</u>	
	<u>30.6.2018</u>	<u>31.12.2017</u>	<u>30.6.2018</u>	<u>31.12.2017</u>
	RM'000	RM'000	RM'000	RM'000
FVTPL - designated upon initial recognition	<u>1,333,787</u>	<u>1,316,117</u>	<u>993,891</u>	<u>978,835</u>

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018 (CONTINUED)

13 FINANCIAL ASSETS (CONTINUED)

	Group		Company	
	30.6.2018	31.12.2017	30.6.2018	31.12.2017
	RM'000	RM'000	RM'000	RM'000
(a) FVTPL - designated upon initial recognition				
Malaysian Government Securities	343,889	412,986	328,791	397,392
Cagamas bonds	21,126	21,356	21,126	21,356
Unquoted corporate debt securities	1,100,119	1,063,403	748,538	721,443
Quoted equity securities	123,817	143,336	123,817	143,336
Unit trust funds	172,657	171,701	172,657	171,701
Controlled structured entities	-	-	371,384	359,843
Unquoted equity securities	174	174	174	174
	1,761,782	1,812,956	1,766,487	1,815,245
(b) Carrying values of financial assets				
<u>Group</u>				<u>FVTPL/Total</u> RM'000
At 1 January 2018				1,812,956
Purchases				360,077
Maturities				(5,000)
Disposals				(369,082)
Fair value gains recorded in:				
Profit or loss				(36,544)
Movement in accrued interest				(625)
At 30 June 2018				1,761,782
At 1 January 2017				1,634,224
Purchases				1,148,682
Maturities				(34,087)
Disposals				(969,240)
Fair value gains recorded in:				
Profit or loss				31,956
Movement in accrued interest				1,421
At 31 December 2017				1,812,956

Company No.

197499	U
--------	---

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018 (CONTINUED)

13 FINANCIAL ASSETS (CONTINUED)

(b) Carrying values of financial assets (continued)

<u>Company</u>	<u>FVTPL/Total</u> RM'000
At 1 January 2018	1,815,245
Purchases	280,196
Maturities	(5,000)
Disposals	(287,582)
Fair value gains recorded in:	
Profit or loss	(35,698)
Movement in accrued interest	(674)
At 30 June 2018	<u>1,766,487</u>
At 1 January 2017	1,634,224
Purchases	1,054,979
Maturities	(34,087)
Disposals	(873,215)
Fair value gains recorded in:	
Profit or loss	36,363
Movement in accrued interest	(3,019)
At 31 December 2017	<u>1,815,245</u>

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018 (CONTINUED)

13 FINANCIAL ASSETS (CONTINUED)

(c) Fair value hierarchy (continued)

The Group and the Company categorise its fair value measurements according to a three-level hierarchy. The hierarchy prioritises the inputs used by the Group's and 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 Group and the Company have 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 are not market observable, including assumptions about risk.

The following table presents the Group's and the Company's financial assets that are carried at fair value as at 30 June 2018:

	<u>Level 1</u> RM'000	<u>Level 2</u> RM'000	<u>Level 3</u> RM'000	<u>Total</u> RM'000
<u>Group</u>				
<u>FVTPL</u>				
<u>30.6.2018</u>				
Malaysian Government Securities	-	343,889	-	343,889
Cagamas bonds	-	21,126	-	21,126
Unquoted corporate debt Securities	-	1,100,119	-	1,100,119
Quoted equity securities	123,817	-	-	123,817
Unit trust funds	172,657	-	-	172,657
Unquoted equity securities	-	-	174	174
	<u>296,474</u>	<u>1,465,134</u>	<u>174</u>	<u>1,761,782</u>

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018 (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>Group</u>				
<u>FVTPL</u>				
<u>31.12.2017</u>				
Malaysian Government Securities	-	412,986	-	412,986
Cagamas bonds	-	21,356	-	21,356
Unquoted corporate debt Securities	-	1,063,403	-	1,063,403
Quoted equity securities	143,336	-	-	143,336
Unit trust funds	171,701	-	-	171,701
Unquoted equity securities	-	-	174	174
	<u>315,037</u>	<u>1,497,745</u>	<u>174</u>	<u>1,812,956</u>
<u>Company</u>				
<u>FVTPL</u>				
<u>30.6.2018</u>				
Malaysian Government Securities	-	328,791	-	328,791
Cagamas bonds	-	21,126	-	21,126
Unquoted corporate debt Securities	-	748,538	-	748,538
Quoted equity securities	123,817	-	-	123,817
Unit trust funds	172,657	-	-	172,657
Controlled structured entities	371,384	-	-	371,384
Unquoted equity securities	-	-	174	174
	<u>667,858</u>	<u>1,098,455</u>	<u>174</u>	<u>1,766,487</u>

Company No.

197499	U
--------	---

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018 (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>Company</u>				
<u>FVTPL</u>				
<u>31.12.2017</u>				
Malaysian Government				
Securities	-	397,392	-	397,392
Cagamas bonds	-	21,356	-	21,356
Unquoted corporate debt				
Securities	-	721,443	-	721,443
Quoted equity securities	143,336	-	-	143,336
Unit trust funds	171,701	-	-	171,701
Controlled structured entities	359,843	-	-	359,843
Unquoted equity securities	-	-	174	174
	<u>674,880</u>	<u>1,140,191</u>	<u>174</u>	<u>1,815,245</u>

There are no transfers between Level 1 and 2 of the fair value hierarchy during the six months period ended 30 June 2018.

14 REINSURANCE ASSETS

	<u>Group/Company</u> Audited	
	<u>30.6.2018</u> RM'000	<u>31.12.2017</u> RM'000
Reinsurance of insurance contracts		
- insurance claims liabilities	14,059	14,290
- insurance contract liabilities (note 15)	65,948	57,730
	<u>80,007</u>	<u>72,020</u>
Receivable within 12 months	23,260	18,177
Receivable after 12 months	56,747	53,843
	<u>80,007</u>	<u>72,020</u>

Company No.

197499

U

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018 (CONTINUED)

15 **INSURANCE CONTRACT LIABILITIES**

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

	30.6.2018			31.12.2017		
	<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
<u>Group/Company</u>						
Actuarial liabilities	1,182,268	(65,948)	1,116,320	1,192,178	(57,730)	1,134,448
Unallocated surplus	-	-	-	1,472	-	1,472
Net asset value attributable to unitholders	216,882	-	216,882	220,562	-	220,562
	<u>1,399,150</u>	<u>(65,948)</u>	<u>1,333,202</u>	<u>1,414,212</u>	<u>(57,730)</u>	<u>1,356,482</u>
Current	232,799	(9,201)	223,598	264,929	(3,887)	261,042
Non-current	1,166,351	(56,747)	1,109,604	1,149,283	(53,843)	1,095,440
	<u>1,399,150</u>	<u>(65,948)</u>	<u>1,333,202</u>	<u>1,414,212</u>	<u>(57,730)</u>	<u>1,356,482</u>

Company No.

197499

U

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018 (CONTINUED)

15 **INSURANCE CONTRACT LIABILITIES (CONTINUED)**

The insurance contract liabilities and their movements are further analysed as follows: (continued)

<u>Group/Company</u>	<u>Gross</u> RM'000	<u>Reinsurance</u> RM'000	<u>Net</u> RM'000
At 1 January 2018	1,414,212	(57,730)	1,356,482
<u>Projected changes of inforce policies</u>			
Premium income	123,969	(30,229)	93,740
Expense and commission	(22,628)	6	(22,622)
Benefits	(120,141)	30,956	(89,185)
Interest on cashflows	16,789	(808)	15,981
Others	(11,257)	3,604	(7,653)
Experience variance on inforce policies	(3,252)	(2,916)	(6,168)
Reserve for new policies	30,817	(9,883)	20,934
<u>Assumption changes</u>			
Discount rate	(26,626)	860	(25,766)
Mortality	(895)	(182)	(1,077)
Lapse rates	-	-	-
Policy expenses	(4,180)	-	(4,180)
Others	25	-	25
Expense reserve	(2,047)	-	(2,047)
Other changes	9,516	374	9,890
Movement in unallocated surplus	(1,472)	-	(1,472)
Movement in net asset value attributable to unitholders	(3,680)	-	(3,680)
At 30 June 2018	<u>1,399,150</u>	<u>(65,948)</u>	<u>1,333,202</u>

Company No.

197499

U

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018 (CONTINUED)

15 **INSURANCE CONTRACT LIABILITIES (CONTINUED)**

The insurance contract liabilities and their movements are further analysed as follows: (continued)

<u>Group/Company</u>	<u>Gross</u> RM'000	<u>Reinsurance</u> RM'000	<u>Net</u> RM'000
At 1 January 2017	1,359,658	(91,422)	1,268,236
<u>Projected changes of inforce policies</u>			
Premium income	172,209	(60,699)	111,510
Expense and commission	(36,517)	13	(36,504)
Benefits	(203,570)	60,225	(143,345)
Interest on cashflows	36,711	(2,872)	33,839
Others	(23,144)	7,970	(15,174)
Experience variance on inforce policies	(6,154)	3,634	(2,520)
Reserve for new policies	83,008	(10,763)	72,245
<u>Assumption changes</u>			
Discount rate	23,759	(2,016)	21,743
Mortality	(42,513)	38,062	(4,451)
Lapse rates	(3,634)	137	(3,497)
Policy expenses	387	-	387
Others	(405)	-	(405)
Expenses reserves	6,463	-	6,463
Other changes	(1,314)	1	(1,313)
Movement in unallocated surplus	853	-	853
Movement in net asset value attributable to unitholders	48,415	-	48,415
At 31 December 2017	<u>1,414,212</u>	<u>(57,730)</u>	<u>1,356,482</u>

Company No.

197499	U
--------	---

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018 (CONTINUED)

16 TAXATION

	<u>Group/Company</u>	
	6 months period ended <u>30.6.2018</u> RM'000	6 months period ended <u>30.6.2017</u> RM'000
Tax expense on the profit for the financial period:		
Income tax:		
Current tax	3,071	4,797
Deferred tax	11,687	12,642
	<u>14,758</u>	<u>17,439</u>

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to the effective income tax rate of the Group and the Company is as follows:

	<u>Group/Company</u>	
	6 months period ended <u>30.6.2018</u> RM'000	6 months period ended <u>30.6.2017</u> RM'000
Profit before taxation attributable to Shareholders	<u>79,767</u>	<u>60,212</u>
Taxation at Malaysian statutory tax rate of 24% (2017: 24%)	19,144	14,451
Income not subject to tax	(1,850)	(27)
Expenses not deductible for tax purposes	66	66
Section 110B tax credit set off	(2,957)	(1,920)
Tax on investment income attributable to policyholders and unitholders	355	4,869
Tax expense for the financial period	<u>14,758</u>	<u>17,439</u>

Company No.

197499	U
--------	---

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018 (CONTINUED)

17 OPERATING LEASE COMMITMENTS

The future minimum lease payments of the operating lease commitments are as follows:

	<u>Group/Company</u>	
	<u>30.6.2018</u>	<u>31.12.2017</u>
	RM'000	RM'000
Not later than 1 year	254	304
Later than 1 year and not later than 5 years	64	139
	<u>318</u>	<u>443</u>

18 CAPITAL COMMITMENTS

	<u>Group/Company</u>	
	<u>30.6.2018</u>	<u>31.12.2017</u>
	RM'000	RM'000
Approved and contracted for: Property and equipment	2,097	3,712
Approved but not contracted for: Property and equipment	3,655	5,015
	<u>5,752</u>	<u>8,727</u>

Company No.

197499	U
--------	---

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018 (CONTINUED)

19 REGULATORY CAPITAL REQUIREMENTS

The capital structure of the Group and the Company as at 30 June 2018, as prescribed under the Risk Based Capital Framework is provided below:

	<u>Group/Company</u>	
	<u>30.6.2018</u>	<u>31.12.2017</u>
	RM'000	RM'000
		Audited
<u>Eligible Tier 1 Capital</u>		
Share capital	358,000	358,000
Retained earnings	32,807	111,777
Eligible contract liabilities	165,875	95,609
	<u>556,682</u>	<u>565,386</u>
Amounts deducted from capital	(5,365)	(5,868)
Total capital available	<u><u>551,317</u></u>	<u><u>559,518</u></u>

20 ADDITIONAL DISCLOSURES UNDER AMENDMENTS TO MFRS 4 INSURANCE CONTRACT

In order to compare with entities applying MFRS 9, the amendments require deferring entities to disclose additional information including contractual cash flows characteristics and credit exposure of the financial assets. The following table presents the Group's and the Company's financial assets by their contractual cash flows characteristics, which indicate if they are solely payments of principal and interest on the principal outstanding ("SPPI"):

	Fair value as at <u>1 January 2018</u>	Fair value as at <u>30 June 2018</u>	Change in fair value ¹	Results of the cash flow characteristic test
	RM'000	RM'000	RM'000	RM'000
<u>Group</u>				
<u>Designated at FVTPL</u>				
Malaysian Government Securities	412,986	343,889	(6,702)	SPPI
Cagamas bonds	21,356	21,126	(224)	SPPI
Unquoted corporate debt Securities	1,023,805	1,060,462	(4,744)	SPPI
Unquoted corporate debt Securities (Perpetual instruments)	5,253	5,207	(43)	Non-SPPI
Quoted equity securities	143,336	123,817	(14,612)	Non-SPPI
Unquoted equity securities	13,576	13,576	-	Non-SPPI

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018 (CONTINUED)

20 ADDITIONAL DISCLOSURES UNDER AMENDMENTS TO MFRS 4 INSURANCE CONTRACT
(CONTINUED)

	Fair value as at <u>1 January 2018</u> RM'000	Fair value as at <u>30 June 2018</u> RM'000	Change in <u>fair value</u> ¹ RM'000	Results of the cash flow characteristic <u>test</u> RM'000
<u>Group</u>				
<u>Mandatorily measured at FVTPL</u>				
Unquoted corporate debt				
Securities	34,345	34,451	(415)	Non-SPPI
Unit trust funds	171,701	172,657	(9,804)	Non-SPPI
	<u>1,826,358</u>	<u>1,775,185</u>	<u>(36,544)</u>	
	Fair value as at <u>1 January 2018</u> RM'000	Fair value as at <u>30 June 2018</u> RM'000	Change in <u>fair value</u> ¹ RM'000	Results of the cash flow characteristic <u>test</u> RM'000
<u>Company</u>				
<u>Designated at FVTPL</u>				
Malaysian Government				
Securities	397,392	328,791	(6,208)	SPPI
Cagamas bonds	21,356	21,126	(224)	SPPI
Unquoted corporate debt				
Securities	721,443	748,538	(3,679)	SPPI
Quoted equity securities	143,336	123,817	(14,612)	Non-SPPI
Unquoted equity securities	13,576	13,576	-	Non-SPPI
<u>Mandatorily measured at FVTPL</u>				
Unit trust funds	171,701	172,657	(9,804)	Non-SPPI
Controlled structured entities	359,843	371,384	(1,171)	Non-SPPI
	<u>1,828,647</u>	<u>1,779,889</u>	<u>(35,698)</u>	

¹ Does not include purchases, disposals, maturities and realised gains/losses.

Credit Quality Disclosure for FVOCI and Amortised Cost Financial Assets

No credit risk rating grade is disclosed as there are no investment assets in the Group and the Company that are measured at FVOCI and amortised cost.

Company No.

197499	U
--------	---

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018 (CONTINUED)

21 **INSURANCE FUNDS**

The Group's and 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 Group's and 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 2018

	Shareholders' Fund		Life Fund		Elimination		Total	
	30.06.2018	31.12.2017	30.06.2018	31.12.2017	30.06.2018	31.12.2017	30.06.2018	31.12.2017
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Group</u>								
<u>Assets</u>								
Property and equipment	-	-	54,973	54,945	-	-	54,973	54,945
Intangible assets	-	-	5,361	5,868	-	-	5,361	5,868
Financial assets	405,590	396,965	1,394,928	1,455,227	(38,736)	(39,236)	1,761,782	1,812,956
Loans and receivables	6,277	16,661	82,567	73,586	-	-	88,844	90,247
Reinsurance assets	-	-	80,007	72,020	-	-	80,007	72,020
Insurance receivables	-	-	16,690	6,860	-	-	16,690	6,860
Other receivables	165,901	175,004	14,468	23,617	(165,855)	(174,966)	14,514	23,655
Current tax assets	(16,600)	(16,600)	29,343	17,178	-	-	12,743	578
Cash and bank balances	17	16	21,799	23,814	-	-	21,816	23,830
Total assets	561,185	572,046	1,700,136	1,733,115	(204,591)	(214,202)	2,056,730	2,090,959

Company No.

197499	U
--------	---

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018 (CONTINUED)

21 **INSURANCE FUNDS (CONTINUED)**

Statement of financial position by Funds as at 30 June 2018 (continued)

	<u>Shareholders' Fund</u>		<u>Life Fund</u>		<u>Elimination</u>		<u>Total</u>	
	<u>30.06.2018</u>	<u>31.12.2017</u>	<u>30.06.2018</u>	<u>31.12.2017</u>	<u>30.06.2018</u>	<u>31.12.2017</u>	<u>30.06.2018</u>	<u>31.12.2017</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Group</u>								
Share capital	358,000	358,000	-	-	-	-	358,000	358,000
Retained earnings	32,807	111,777	-	-	-	-	32,807	111,777
Reserves	132,700	73,566	-	-	-	-	132,700	73,566
Total equity	<u>523,507</u>	<u>543,343</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>523,507</u>	<u>543,343</u>
<u>Liabilities</u>								
Insurance contract liabilities	-	-	1,437,886	1,453,448	(38,736)	(39,236)	1,399,150	1,414,212
Insurance claims liabilities	-	-	23,685	21,277	-	-	23,685	21,277
Insurance payables	-	-	15,843	12,444	-	-	15,843	12,444
Other financial liabilities	-	5,164	11,675	8,216	-	-	11,675	13,380
Other payables	340	650	209,925	233,846	(165,855)	(174,966)	44,410	59,530
Deferred tax liabilities	37,338	22,889	1,122	3,884	-	-	38,460	26,773
Total liabilities	<u>37,678</u>	<u>28,703</u>	<u>1,700,136</u>	<u>1,733,115</u>	<u>(204,591)</u>	<u>(214,202)</u>	<u>1,533,223</u>	<u>1,547,616</u>
Total equity, policyholders' funds and liabilities	<u>561,185</u>	<u>572,046</u>	<u>1,700,136</u>	<u>1,733,115</u>	<u>(204,591)</u>	<u>(214,202)</u>	<u>2,056,730</u>	<u>2,090,959</u>

Company No.

197499	U
--------	---

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018 (CONTINUED)

21 INSURANCE FUNDS (CONTINUED)

Statement of financial position by Funds as at 30 June 2018 (continued)

	Shareholders' Fund		Life Fund		Elimination		Total	
	30.06.2018	31.12.2017	30.06.2018	31.12.2017	30.06.2018	31.12.2017	30.06.2018	31.12.2017
<u>Company</u>	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Assets</u>								
Property and equipment	-	-	54,973	54,945	-	-	54,973	54,945
Intangible assets	-	-	5,361	5,868	-	-	5,361	5,868
Financial assets	410,295	399,254	1,394,928	1,455,227	(38,736)	(39,236)	1,766,487	1,815,245
Loans and receivables	1,503	9,131	82,567	73,586	-	-	84,070	82,717
Reinsurance assets	-	-	80,007	72,020	-	-	80,007	72,020
Insurance receivables	-	-	16,690	6,860	-	-	16,690	6,860
Other receivables	165,901	175,004	14,468	23,617	(165,855)	(174,966)	14,514	23,655
Current tax assets	(16,600)	(16,600)	29,343	17,178	-	-	12,743	578
Cash and bank balances	11	11	21,799	23,814	-	-	21,810	23,825
Total assets	561,110	566,800	1,700,136	1,733,115	(204,591)	(214,202)	2,056,655	2,085,713

Company No.

197499	U
--------	---

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018 (CONTINUED)

21 **INSURANCE FUNDS (CONTINUED)**

Statement of financial position by Funds as at 30 June 2018 (continued)

	Shareholders' Fund		Life Fund		Elimination		Total	
	30.06.2018	31.12.2017	30.06.2018	31.12.2017	30.06.2018	31.12.2017	30.06.2018	31.12.2017
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Company</u>								
Share capital	358,000	358,000	-	-	-	-	358,000	358,000
Retained earnings	32,807	111,777	-	-	-	-	32,807	111,777
Reserves	132,700	73,566	-	-	-	-	132,700	73,566
Total equity	523,507	543,343	-	-	-	-	523,507	543,343
<u>Liabilities</u>								
Insurance contract liabilities	-	-	1,437,886	1,453,448	(38,736)	(39,236)	1,399,150	1,414,212
Insurance claims liabilities	-	-	23,685	21,277	-	-	23,685	21,277
Insurance payables	-	-	15,843	12,444	-	-	15,843	12,444
Other financial liabilities	-	-	11,675	8,216	-	-	11,675	8,216
Other payables	265	568	209,925	233,846	(165,855)	(174,966)	44,335	59,448
Deferred tax liabilities	37,338	22,889	1,122	3,884	-	-	38,460	26,773
Total liabilities	37,603	23,457	1,700,136	1,733,115	(204,591)	(214,202)	1,533,148	1,542,370
Total equity, policyholders' funds and liabilities	561,110	566,800	1,700,136	1,733,115	(204,591)	(214,202)	2,056,655	2,085,713

Company No.

197499	U
--------	---

SUN LIFE MALAYSIA ASSURANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018 (CONTINUED)

21 INSURANCE FUNDS (CONTINUED)

Statement of comprehensive income by Funds for the six months period ended 30 June 2018

	Shareholders' Fund		Life Fund		Elimination		Total	
	6 months period ended 30.6.2018 RM'000	6 months period ended 30.6.2017 RM'000	6 months period ended 30.6.2018 RM'000	6 months period ended 30.6.2017 RM'000	6 months period ended 30.6.2018 RM'000	6 months period ended 30.6.2017 RM'000	6 months period ended 30.6.2018 RM'000	6 months period ended 30.6.2017 RM'000
<u>Group</u>								
Gross premiums	-	-	287,739	257,018	-	-	287,739	257,018
Premiums ceded to reinsurers	-	-	(33,406)	(24,800)	-	-	(33,406)	(24,800)
Net premiums	-	-	254,333	232,218	-	-	254,333	232,218
Investment income	9,174	8,050	32,757	32,130	-	-	41,931	40,180
Net realised gains	-	-	-	95	-	-	-	95
Net fair value gains	-	4,406	-	33,439	-	(2,067)	-	35,778
Other operating income	-	115	1,435	1,157	-	-	1,435	1,272
Other income	9,174	12,571	34,192	66,821	-	(2,067)	43,366	77,325
Gross benefits and claims paid	-	-	(142,997)	(156,322)	-	-	(142,997)	(156,322)
Claims ceded to reinsurers	-	-	23,612	23,803	-	-	23,612	23,803
Gross change in contract liabilities	-	-	15,562	(40,245)	(500)	2,067	15,062	(38,178)
Change in contract liabilities ceded to reinsurers	-	-	8,218	6,028	-	-	8,218	6,028
Net claims	-	-	(95,605)	(166,736)	(500)	2,067	(96,105)	(164,669)

Company No.

197499	U
--------	---

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018 (CONTINUED)

21 INSURANCE FUNDS (CONTINUED)

Statement of comprehensive income by Funds for the six months period ended 30 June 2018 (continued)

	Shareholders' Fund		Life Fund		Elimination		Total	
	6 months period ended 30.6.2018 RM'000	6 months period ended 30.6.2017 RM'000	6 months period ended 30.6.2018 RM'000	6 months period ended 30.6.2017 RM'000	6 months period ended 30.6.2018 RM'000	6 months period ended 30.6.2017 RM'000	6 months period ended 30.6.2018 RM'000	6 months period ended 30.6.2017 RM'000
<u>Group</u>								
Net fair value losses	(2,616)	-	(26,657)	-	500	-	(28,773)	-
Commission expenses	-	-	(30,262)	(25,729)	-	-	(30,262)	(25,729)
Management expenses	(425)	(83)	(60,736)	(52,664)	-	-	(61,161)	(52,747)
Other operating expenses	(282)	(273)	-	(36)	-	-	(282)	(309)
Investment expenses	-	-	(994)	(1,008)	-	-	(994)	(1,008)
Other expenses	(3,323)	(356)	(118,649)	(79,437)	500	-	(121,472)	(79,793)
Profit before taxation	5,851	12,215	74,271	52,866	-	-	80,122	65,081
Tax expense attributable to policyholders and unitholders	-	-	(355)	(4,869)	-	-	(355)	(4,869)
Transfer from life fund	73,916	47,997	(73,916)	(47,997)	-	-	-	-
Profit before taxation attributable to Shareholders	79,767	60,212	-	-	-	-	79,767	60,212

Company No.

197499	U
--------	---

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018 (CONTINUED)

21 INSURANCE FUNDS (CONTINUED)

Statement of comprehensive income by Funds for the six months period ended 30 June 2017 (continued)

	Shareholders' Fund		Life Fund		Elimination		Total	
	6 months period ended 30.6.2018	6 months period ended 30.6.2017	6 months period ended 30.6.2018	6 months period ended 30.6.2017	6 months period ended 30.6.2018	6 months period ended 30.6.2017	6 months period ended 30.6.2018	6 months period ended 30.6.2017
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Group</u>								
Profit before taxation attributable to Shareholders	79,767	60,212	-	-	-	-	79,767	60,212
Taxation *	(14,403)	(12,570)	(355)	(4,869)	-	-	(14,758)	(17,439)
Tax expense attributable to policyholders and unitholders	-	-	355	4,869	-	-	355	4,869
Tax expense attributable to Shareholders	(14,403)	(12,570)	-	-	-	-	(14,403)	(12,570)
Net profit for the financial period	65,364	47,642	-	-	-	-	65,364	47,642

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

Company No.

197499	U
--------	---

SUN LIFE MALAYSIA ASSURANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018 (CONTINUED)

21 INSURANCE FUNDS (CONTINUED)

Statement of comprehensive income by Funds for the six months period ended 30 June 2018 (continued)

Company	Shareholders' Fund		Life Fund		Elimination		Total	
	6 months period ended 30.6.2018 RM'000	6 months period ended 30.6.2017 RM'000	6 months period ended 30.6.2018 RM'000	6 months period ended 30.6.2017 RM'000	6 months period ended 30.6.2018 RM'000	6 months period ended 30.6.2017 RM'000	6 months period ended 30.6.2018 RM'000	6 months period ended 30.6.2017 RM'000
Gross premiums	-	-	287,739	257,018	-	-	287,739	257,018
Premiums ceded to reinsurers	-	-	(33,406)	(24,800)	-	-	(33,406)	(24,800)
Net premiums	-	-	254,333	232,218	-	-	254,333	232,218
Investment income	7,804	6,469	32,757	32,130	-	-	40,561	38,599
Net realised gains	-	-	-	95	-	-	-	95
Net fair value gains	-	5,904	-	33,439	-	(2,067)	-	37,276
Other operating income	-	115	1,435	1,157	-	-	1,435	1,272
Other income	7,804	12,488	34,192	66,821	-	(2,067)	41,996	77,242
Gross benefits and claims paid	-	-	(142,997)	(156,322)	-	-	(142,997)	(156,322)
Claims ceded to reinsurers	-	-	23,612	23,803	-	-	23,612	23,803
Gross change in contract liabilities	-	-	15,562	(40,245)	(500)	2,067	15,062	(38,178)
Change in contract liabilities ceded to reinsurers	-	-	8,218	6,028	-	-	8,218	6,028
Net claims	-	-	(95,605)	(166,736)	(500)	2,067	(96,105)	(164,669)

Company No.

197499	U
--------	---

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018 (CONTINUED)

21 INSURANCE FUNDS (CONTINUED)

Statement of comprehensive income by Funds for the six months period ended 30 June 2018 (continued)

	Shareholders' Fund		Life Fund		Elimination		Total	
	6 months period ended 30.6.2018 RM'000	6 months period ended 30.6.2017 RM'000	6 months period ended 30.6.2018 RM'000	6 months period ended 30.6.2017 RM'000	6 months period ended 30.6.2018 RM'000	6 months period ended 30.6.2017 RM'000	6 months period ended 30.6.2018 RM'000	6 months period ended 30.6.2017 RM'000
<u>Company</u>								
Net fair value losses	(1,671)	-	(26,657)	-	500	-	(27,828)	-
Commission expenses	-	-	(30,262)	(25,729)	-	-	(30,262)	(25,729)
Management expenses	-	-	(60,736)	(52,664)	-	-	(60,736)	(52,664)
Other operating expenses	(282)	(273)	-	(36)	-	-	(282)	(309)
Investment expenses	-	-	(994)	(1,008)	-	-	(994)	(1,008)
Other expenses	(1,953)	(273)	(118,649)	(79,437)	-	-	(120,102)	(79,710)
Profit before taxation	5,851	12,215	74,271	52,866	-	-	80,122	65,081
Tax expense attributable to policyholders and unitholders	-	-	(355)	(4,869)	-	-	(355)	(4,869)
Transfer from life fund	73,916	47,997	(73,916)	(47,997)	-	-	-	-
Profit before taxation attributable to Shareholders	79,767	60,212	-	-	-	-	79,767	60,212

Company No.

197499	U
--------	---

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018 (CONTINUED)

21 INSURANCE FUNDS (CONTINUED)

Statement of comprehensive income by Funds for the six months period ended 30 June 2018 (continued)

	Shareholders' Fund		Life Fund		Elimination		Total	
	6 months	6 months	6 months	6 months	6 months	6 months	6 months	6 months
	period ended	period ended	period ended	period ended	period ended	period ended	period ended	period ended
	30.6.2018	30.6.2017	30.6.2018	30.6.2017	30.6.2018	30.6.2017	30.6.2018	30.6.2017
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Company</u>								
Profit before taxation attributable to Shareholders	79,767	60,212	-	-	-	-	79,767	60,212
Taxation *	(14,403)	(12,570)	(355)	(4,869)	-	-	(14,758)	(17,439)
Tax expense attributable to policyholders and unitholders	-	-	355	4,869	-	-	355	4,869
Tax expense attributable to Shareholders	(14,403)	(12,570)	-	-	-	-	(14,403)	(12,570)
Net profit for the financial period	65,364	47,642	-	-	-	-	65,364	47,642

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