

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 2017

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Company No.

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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 2017

	Note	Group		Company	
		30.6.2017	31.12.2016	30.6.2017	31.12.2016
		RM'000	RM'000	RM'000	RM'000
ASSETS					
Property and equipment		53,318	54,784	53,318	54,784
Financial assets	13	1,674,690	1,634,224	1,683,306	1,634,224
Loans and receivables		98,764	147,228	97,759	147,228
Reinsurance assets	14	110,141	103,245	110,141	103,245
Insurance receivables		8,491	5,746	8,491	5,746
Other receivables		20,835	25,500	10,598	25,500
Cash and bank balances		18,741	16,666	18,736	16,666
TOTAL ASSETS		1,984,980	1,987,393	1,982,349	1,987,393
EQUITY, POLICYHOLDERS' FUNDS AND LIABILITIES					
Share capital		358,000	342,000	358,000	342,000
Share premium		-	16,000	-	16,000
Retained earnings		35,784	108,440	35,784	108,440
Reserves		89,984	51,586	89,984	51,586
Total equity		483,768	518,026	483,768	518,026
Insurance contract liabilities	15	1,397,836	1,359,658	1,397,836	1,359,658
Insurance claims liabilities		20,738	18,546	20,738	18,546
Insurance payables		6,254	14,009	6,254	14,009
Other financial liabilities		10,703	6,259	8,072	6,259
Other payables		32,448	44,872	32,448	44,872
Current tax liabilities		3,908	9,340	3,908	9,340
Deferred tax liabilities		29,325	16,683	29,325	16,683
Total liabilities		1,501,212	1,469,367	1,498,581	1,469,367
TOTAL EQUITY, POLICYHOLDERS' FUNDS AND LIABILITIES		1,984,980	1,987,393	1,982,349	1,987,393

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 2017**

	Group		Company	
	6 months period ended 30.6.2017 RM'000	6 month period ended 30.6.2016 RM'000	6 months period ended 30.6.2017 RM'000	6 months period ended 30.6.2016 RM'000
Gross premiums	257,018	216,218	257,018	216,218
Premiums ceded to reinsurers	(24,800)	(34,287)	(24,800)	(34,287)
Net premiums	232,218	181,931	232,218	181,931
Investment income	40,180	37,200	38,599	37,200
Net realised gains	95	-	95	-
Net fair value gains	35,778	22,549	37,276	22,549
Other operating income	1,272	1,130	1,272	1,130
Other income	77,325	60,879	77,242	60,879
Gross benefits and claims paid	(156,322)	(120,396)	(156,322)	(120,396)
Claims ceded to reinsurers	23,803	20,472	23,803	20,472
Gross change in contract liabilities	(38,178)	(37,463)	(38,178)	(37,463)
Change in contract liabilities ceded to reinsurers	6,028	10,668	6,028	10,668
Net claims	(164,669)	(126,719)	(164,669)	(126,719)
Commission expenses	(25,729)	(22,784)	(25,729)	(22,784)
Management expenses	(52,747)	(50,948)	(52,664)	(50,948)
Other operating expenses	(309)	(227)	(309)	(227)
Investment expenses	(1,008)	(950)	(1,008)	(950)
Other expenses	(79,793)	(74,909)	(79,710)	(74,909)

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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 2017 (CONTINUED)

	Group		Company	
	6 months period ended 30.6.2017 RM'000	6 month period ended 30.6.2016 RM'000	6 months period ended 30.6.2017 RM'000	6 months period ended 30.6.2016 RM'000
Profit before taxation	65,081	41,182	65,081	41,182
Tax expense attributable to policyholders and unitholders	(4,869)	(3,885)	(4,869)	(3,885)
Profit before taxation attributable to Shareholders	60,212	37,297	60,212	37,297
Taxation	(17,439)	(11,341)	(17,439)	(11,341)
Tax expense attributable to policyholders and unitholders	4,869	3,885	4,869	3,885
Tax expense attributable to Shareholders	(12,570)	(7,456)	(12,570)	(7,456)
Net profit and total comprehensive income for the financial period	47,642	29,841	47,642	29,841
Basic earnings per share (sen)	19.69	12.33	19.69	12.33

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 2017**

<u>Group/Company</u>	<u>Share capital</u> RM'000	<u>Share premium</u> RM'000	<u>Reserves</u> ¹ RM'000	<u>Retained earnings</u> RM'000	<u>Total</u> RM'000
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>
At 1 January 2016	342,000	16,000	45,243	116,507	519,750
Dividends	-	-	-	(90,000)	(90,000)
Total comprehensive income for the financial period	-	-	18,808	11,033	29,841
At 30 June 2016	<u>342,000</u>	<u>16,000</u>	<u>64,051</u>	<u>37,540</u>	<u>459,591</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 becomes 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 2017

	Group		Company	
	6 months period ended 30.6.2017 RM'000	6 month period ended 30.6.2016 RM'000	6 months period ended 30.6.2017 RM'000	6 months period ended 30.6.2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Net profit for the financial period	47,642	29,841	47,642	29,841
Adjustments for:				
Gross change in contract liabilities	38,178	37,463	38,178	37,463
Change in contract liabilities ceded to reinsurers	(6,028)	(10,668)	(6,028)	(10,668)
Property and equipment - depreciation	3,520	2,454	3,520	2,454
- gains on disposal	(95)	-	(95)	-
Net fair value gains on investments at fair value through profit or loss	(35,778)	(22,549)	(37,276)	(22,549)
Allowance for impairment loss on insurance receivables	17	-	17	-
Interest income	(35,345)	(35,404)	(33,764)	(35,404)
Dividend income	(4,538)	(1,499)	(4,538)	(1,499)
Rental income	(297)	(297)	(297)	(297)
Taxation	17,439	11,341	17,439	11,341
Profit from operations before changes in operating assets and liabilities	24,715	10,682	24,798	10,682
Decrease in loans and receivables	48,308	3,476	49,313	3,476
Decrease/(increase) in receivables	2,067	(19,529)	12,304	(19,529)
Increase in insurance claims liabilities	1,324	3,936	1,324	3,936
Decrease in payables	(15,735)	(8,034)	(18,366)	(8,034)
Purchase of investments	(806,525)	(245,069)	(787,370)	(245,069)
Proceeds from disposal and maturity of investments	802,074	328,548	771,395	328,548
	56,228	74,010	53,398	74,010
Investment income received:				
- Dividend	4,388	1,445	4,388	1,445
- Interest	35,264	36,275	38,089	36,275
- Rental	297	297	297	297
Taxation paid	(10,243)	(9,345)	(10,243)	(9,345)
Net cash generated from operating activities	85,934	102,682	85,929	102,682

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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 2017 (CONTINUED)

	<u>Group</u>		<u>Company</u>	
	6 months period ended	6 month period ended	6 months period ended	6 months period ended
	<u>30.6.2017</u>	<u>30.6.2016</u>	<u>30.6.2017</u>	<u>30.6.2016</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	(2,063)	(2,086)	(2,063)	(2,086)
Net cash used in investing activities	<u>(1,959)</u>	<u>(2,086)</u>	<u>(1,959)</u>	<u>(2,086)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividend paid	(81,900)	(90,000)	(81,900)	(90,000)
Net cash used in financing activities	<u>(81,900)</u>	<u>(90,000)</u>	<u>(81,900)</u>	<u>(90,000)</u>
Net increase in cash and cash equivalents	2,075	10,596	2,070	10,596
Cash and cash equivalents at beginning of the financial period	<u>16,666</u>	<u>14,691</u>	<u>16,666</u>	<u>14,691</u>
Cash and cash equivalents at end of the financial period	<u><u>18,741</u></u>	<u><u>25,287</u></u>	<u><u>18,736</u></u>	<u><u>25,287</u></u>
Cash and cash equivalents comprise:				
Cash and bank balances	<u><u>18,741</u></u>	<u><u>25,287</u></u>	<u><u>18,736</u></u>	<u><u>25,287</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 2017

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 2017.

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 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 Company's audited financial statements for the financial year ended 31 December 2016.

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
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2017 (CONTINUED)

3 SIGNIFICANT ACCOUNTING POLICIES

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

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 2016, except for the following:

- Amendments to MFRS 112 'Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses' (effective from 1 January 2017) clarify the requirements for recognising deferred tax assets on unrealised losses arising from deductible temporary differences on assets carried at fair value.

In addition, in evaluating whether an entity will have sufficient taxable profits in future periods against which deductible temporary differences can be utilised, the amendments require an entity to compare the deductible temporary differences with future taxable profits that exclude tax deductions resulting from the reversal of those temporary differences.

The amendments shall be applied retrospectively.

The adoption of the above amendments to standards issued by the Malaysian Accounting Standards Board in the current financial year does not have any material impact to the financial statements of the Company.

(b) Standards, amendments to published standards and interpretation to existing standards that are applicable to 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 2017. None of these are expected to have a significant effect on the financial statements of the Company, except for the following set out below:

- 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.

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2017 (CONTINUED)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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.

The Company is in the process of assessing the financial impact of application of this standard onto the Company's financial statements.

- MFRS 15 'Revenue from contracts with customers' (effective from 1 January 2018) replaces MFRS 118 'Revenue'. The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Revenue is recognised when a customer obtains control of the goods or services, i.e. when the customer has the ability to direct the use of and obtain the benefits from the goods or services.

A new five-step process is applied before revenue can be recognised:

- Identify contracts with customers
- Identify the separate performance obligations
- Determine the transaction price of the contract;
- Allocate the transaction price to each of the separate performance obligations; and
- Recognise the revenue as each performance obligation is satisfied.

Key provisions of the new standard includes, amongst others:

- Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements.
- If the consideration varies (such as for incentives, rebates, performance fees, royalties, success of an outcome etc), minimum amounts of revenue must be recognised if they are not at significant risk of reversal.
- The point at which revenue is able to be recognised may shift some revenue which is currently recognised at a point in time at the end of a contract to be recognised over the contract term and vice versa.

The Company is in the process of assessing the financial impact of application of this standard onto the Company's financial statements.

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2017 (CONTINUED)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

- 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 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.

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

For lessors, MFRS 16 retains most of the requirements in MFRS 117. Lessors continue to classify all leases as either operating leases or finance leases and account for them differently.

The Company is in the process of assessing the financial impact of application of this standard 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 2017.

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 2017.

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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 2017 (CONTINUED)

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 2017.

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 2017.

8 DIVIDENDS

Dividends paid by the Company during the six months period ended 30 June 2017:

- 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 2016 was paid on 21 June 2017 amounting to RM8,000,000;
- b) Single-Tier Final Dividend in respect of Ordinary Shares of 30.5371 sen per share for the financial year ended 31 December 2016 was paid on 21 June 2017 amounting to RM73,899,782.

9 CONTINGENT LIABILITIES

There were no material contingent liabilities that have arisen during the six months period ended 30 June 2017.

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 2017.

SUN LIFE MALAYSIA ASSURANCE BERHAD
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2017 (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 2017.

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 2017.

13 FINANCIAL ASSETS

	Group		Company	
	Audited		Audited	
	30.6.2017	31.12.2016	30.6.2017	31.12.2016
	RM'000	RM'000	RM'000	RM'000
Malaysian Government Securities	338,092	438,632	317,676	438,632
Cagamas bonds	21,529	21,615	21,529	21,615
Unquoted corporate debt securities	1,052,611	996,491	729,619	996,491
Quoted equity securities	128,254	56,235	128,254	56,235
Unit trust funds	134,030	121,077	134,030	121,077
Controlled structure entities (Wholesale Fund)	-	-	352,024	-
Unquoted equity securities	174	174	174	174
	<u>1,674,690</u>	<u>1,634,224</u>	<u>1,683,306</u>	<u>1,634,224</u>

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

	Group		Company	
	Audited		Audited	
	30.6.2017	31.12.2016	30.6.2017	31.12.2016
	RM'000	RM'000	RM'000	RM'000
Fair value through profit or loss ("FVTPL") - designated upon initial recognition	<u>1,674,690</u>	<u>1,634,224</u>	<u>1,683,306</u>	<u>1,634,224</u>

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

	Group		Company	
	Audited		Audited	
	30.6.2017	31.12.2016	30.6.2017	31.12.2016
	RM'000	RM'000	RM'000	RM'000
FVTPL - designated upon initial recognition	<u>1,366,095</u>	<u>1,371,627</u>	<u>1,032,874</u>	<u>1,371,627</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2017 (CONTINUED)

13 FINANCIAL ASSETS (CONTINUED)

	Group		Company	
	30.6.2017	31.12.2016	30.6.2017	31.12.2016
	RM'000	RM'000	RM'000	RM'000
(a) FVTPL - designated upon initial recognition				
Malaysian Government Securities	338,092	438,632	317,676	438,632
Cagamas bonds	21,529	21,615	21,529	21,615
Unquoted corporate debt securities	1,052,611	996,491	729,619	996,491
Quoted equity securities	128,254	56,235	128,254	56,235
Unit trust funds	134,030	121,077	134,030	121,077
Controlled structure entities (Wholesale Fund)	-	-	352,024	-
Unquoted equity securities	174	174	174	174
	1,674,690	1,634,224	1,683,306	1,634,224
(b) Carrying values of financial assets				
<u>Group</u>			<u>FVTPL/Total</u>	
			RM'000	
At 1 January 2017			1,634,224	
Purchases			806,525	
Maturities			(20,049)	
Disposals			(772,211)	
Fair value gains recorded in:				
Profit or loss			25,964	
Movement in accrued interest			237	
At 30 June 2017			1,674,690	
At 1 January 2016			1,690,021	
Purchases			463,283	
Maturities			(83,009)	
Disposals			(452,611)	
Fair value gains recorded in:				
Profit or loss			16,343	
Movement in accrued interest			197	
At 31 December 2016			1,634,224	

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2017 (CONTINUED)

13 FINANCIAL ASSETS (CONTINUED)

(b) Carrying values of financial assets (continued)

<u>Company</u>	<u>FVTPL/Total</u> <u>RM'000</u>
At 1 January 2017	1,634,224
Purchases	787,370
Maturities	(20,049)
Disposals	(741,643)
Fair value gains recorded in:	
Profit or loss	27,573
Movement in accrued interest	(4,169)
At 30 June 2017	<u>1,683,306</u>
At 1 January 2016	1,690,021
Purchases	463,283
Maturities	(83,009)
Disposals	(452,611)
Fair value gains recorded in:	
Profit or loss	16,343
Movement in accrued interest	197
At 31 December 2016	<u>1,634,224</u>

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2017 (CONTINUED)

13 FINANCIAL ASSETS (CONTINUED)

(c) Fair value hierarchy (continued)

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 2017:

	<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>30.6.2017</u>				
Malaysian Government				
Securities	-	338,092	-	338,092
Cagamas bonds	-	21,529	-	21,529
Unquoted corporate debt				
Securities	-	1,052,611	-	1,052,611
Quoted equity securities	128,254	-	-	128,254
Unit trust funds	134,030	-	-	134,030
Unquoted equity securities	-	-	174	174
	<u>262,284</u>	<u>1,412,232</u>	<u>174</u>	<u>1,674,690</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 2017 (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>31.12.2016</u>				
Malaysian Government Securities	-	438,632	-	438,632
Cagamas bonds	-	21,615	-	21,615
Unquoted corporate debt securities	-	996,491	-	996,491
Quoted equity securities	56,235	-	-	56,235
Unit trust funds	121,077	-	-	121,077
Unquoted equity securities	-	-	174	174
	<u>177,312</u>	<u>1,456,738</u>	<u>174</u>	<u>1,634,224</u>
 <u>Company</u>				
<u>FVTPL</u>				
<u>30.6.2017</u>				
Malaysian Government Securities	-	317,676	-	317,676
Cagamas bonds	-	21,529	-	21,529
Unquoted corporate debt Securities	-	729,619	-	729,619
Quoted equity securities	128,254	-	-	128,254
Unit trust funds	134,030	-	-	134,030
Controlled structured entities (Wholesale Fund)	352,024	-	-	352,024
Unquoted equity securities	-	-	174	174
	<u>614,308</u>	<u>1,068,824</u>	<u>174</u>	<u>1,683,306</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 2017 (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>31.12.2016</u>				
Malaysian Government Securities	-	438,632	-	438,632
Cagamas bonds	-	21,615	-	21,615
Unquoted corporate debt securities	-	996,491	-	996,491
Quoted equity securities	56,235	-	-	56,235
Unit trust funds	121,077	-	-	121,077
Unquoted equity securities	-	-	174	174
	<u>177,312</u>	<u>1,456,738</u>	<u>174</u>	<u>1,634,224</u>

There are no transfers between Level 1 and 2 of the fair value hierarchy during the six months period ended 30 June 2017.

14 REINSURANCE ASSETS

	<u>Group/Company</u> Audited	
	<u>30.6.2017</u> RM'000	<u>31.12.2016</u> RM'000
Reinsurance of insurance contracts		
- insurance claims liabilities	12,691	11,823
- insurance contract liabilities (note 15)	97,450	91,422
	<u>110,141</u>	<u>103,245</u>
Receivable within 12 months	16,589	15,446
Receivable after 12 months	93,552	87,799
	<u>110,141</u>	<u>103,245</u>

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2017 (CONTINUED)

15 INSURANCE CONTRACT LIABILITIES

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

	30.6.2017			31.12.2016		
	<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	1,213,133	(97,450)	1,115,683	1,186,892	(91,422)	1,095,470
Unallocated surplus	1,210	-	1,210	619	-	619
Net asset value attributable to unitholders	183,493	-	183,493	172,147	-	172,147
	<u>1,397,836</u>	<u>(97,450)</u>	<u>1,300,386</u>	<u>1,359,658</u>	<u>(91,422)</u>	<u>1,268,236</u>
Current	280,544	(3,898)	276,646	275,328	(3,623)	271,705
Non-current	1,117,292	(93,552)	1,023,740	1,084,330	(87,799)	996,531
	<u>1,397,836</u>	<u>(97,450)</u>	<u>1,300,386</u>	<u>1,359,658</u>	<u>(91,422)</u>	<u>1,268,236</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 2017 (CONTINUED)

15 INSURANCE CONTRACT LIABILITIES (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	79,170	(30,838)	48,332
Expense and commission	(19,270)	7	(19,263)
Benefits	(108,221)	30,507	(77,714)
Interest on cashflows	18,487	(1,693)	16,794
Others	(13,122)	4,977	(8,145)
Experience variance on inforce policies	655	(877)	(222)
Reserve for new policies	44,646	(5,972)	38,674
<u>Assumption changes</u>			
Discount rate	25,213	(2,113)	23,100
Mortality	-	-	-
Lapse rates	-	-	-
Policy expenses	-	-	-
Others	-	-	-
Expenses reserves	(1,405)	-	(1,405)
Other changes	88	(26)	62
Movement in unallocated surplus	591	-	591
Movement in net asset value attributable to unitholders	11,346	-	11,346
At 30 June 2017	<u>1,397,836</u>	<u>(97,450)</u>	<u>1,300,386</u>

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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 2017 (CONTINUED)

15 INSURANCE CONTRACT LIABILITIES (CONTINUED)

<u>Group/Company</u>	<u>Gross</u> RM'000	<u>Reinsurance</u> RM'000	<u>Net</u> RM'000
At 1 January 2016	1,373,046	(107,322)	1,265,724
<u>Projected changes of inforce policies</u>			
Premium income	135,200	(56,761)	78,439
Expense and commission	(29,743)	18	(29,725)
Benefits	(190,960)	58,399	(132,561)
Interest on cashflows	29,506	(2,693)	26,813
Others	(14,422)	7,016	(7,406)
Experience variance on inforce policies	(807)	1,055	248
Reserve for new policies	104,861	(15,212)	89,649
<u>Assumption changes</u>			
Discount rate	(5,328)	313	(5,015)
Mortality	(30,687)	24,260	(6,427)
Lapse rates	3,201	260	3,461
Policy expenses	(1,249)	-	(1,249)
Others	393	(4,559)	(4,166)
Expense reserve	(5,120)	-	(5,120)
Other changes	(9,381)	3,804	(5,577)
Movement in unallocated surplus	189	-	189
Movement in net asset value attributable to unitholders	959	-	959
At 31 December 2016	<u>1,359,658</u>	<u>(91,422)</u>	<u>1,268,236</u>

SUN LIFE MALAYSIA ASSURANCE BERHAD
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2017 (CONTINUED)

16 OPERATING LEASE COMMITMENTS

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

	<u>Group/Company</u>	
	<u>30.6.2017</u>	<u>31.12.2016</u>
	RM'000	RM'000
Not later than 1 year	423	391
Later than 1 year and not later than 5 years	151	124
	<u>574</u>	<u>515</u>

17 CAPITAL COMMITMENTS

	<u>Group/Company</u>	
	<u>30.6.2017</u>	<u>31.12.2016</u>
	RM'000	RM'000
Approved and contracted for:		
Property and equipment	478	1,177
Approved but not contracted for:		
Property and equipment	5,734	1,323
	<u>6,212</u>	<u>2,500</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2017 (CONTINUED)

18 REGULATORY CAPITAL REQUIREMENTS

The capital structure of the Company as at 30 June 2017, as prescribed under the Risk Based Capital Framework is provided below:

	<u>Group/Company</u>	
	<u>30.6.2017</u>	<u>31.12.2016</u>
	RM'000	RM'000
<u>Eligible Tier 1 Capital</u>		
Share capital	358,000	342,000
Share premium	-	16,000
Retained earnings	35,784	108,440
Eligible contract liabilities	116,334	67,919
	<u>510,118</u>	<u>534,359</u>
Amounts deducted from capital	-	(3)
Total capital available	<u>510,118</u>	<u>534,356</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2017 (CONTINUED)

19 **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 2017

	Shareholders' Fund		Life Fund		Elimination		Total	
	<u>30.06.2017</u>	<u>31.12.2016</u>	<u>30.06.2017</u>	<u>31.12.2016</u>	<u>30.06.2017</u>	<u>31.12.2016</u>	<u>30.06.2017</u>	<u>31.12.2016</u>
	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	-	-	53,318	54,784	-	-	53,318	54,784
Financial assets	381,509	384,394	1,331,108	1,285,690	(37,927)	(35,860)	1,674,690	1,634,224
Loans and receivables	21,473	13,473	77,291	133,755	-	-	98,764	147,228
Reinsurance assets	-	-	110,141	103,245	-	-	110,141	103,245
Insurance receivables	-	-	8,491	5,746	-	-	8,491	5,746
Other receivables	109,771	148,725	10,570	25,479	(99,506)	(148,704)	20,835	25,500
Cash and bank balances	15	11	18,726	16,655	-	-	18,741	16,666
Total assets	512,768	546,603	1,609,645	1,625,354	(137,433)	(184,564)	1,984,980	1,987,393

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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 2017 (CONTINUED)

19 **INSURANCE FUNDS (CONTINUED)**

Statement of financial position by Funds as at 30 June 2017 (continued)

	Shareholders' Fund		Life Fund		Elimination		Total	
	30.06.2017	31.12.2016	30.06.2017	31.12.2016	30.06.2017	31.12.2016	30.06.2017	31.12.2016
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Group</u>								
Share capital	358,000	342,000	-	-	-	-	358,000	342,000
Share premium	-	16,000	-	-	-	-	-	16,000
Retained earnings	35,784	108,440	-	-	-	-	35,784	108,440
Reserves	89,984	51,586	-	-	-	-	89,984	51,586
Total equity	483,768	518,026	-	-	-	-	483,768	518,026
<u>Liabilities</u>								
Insurance contract liabilities	-	-	1,435,763	1,395,518	(37,927)	(35,860)	1,397,836	1,359,658
Insurance claims liabilities	-	-	20,738	18,546	-	-	20,738	18,546
Insurance payables	-	-	6,254	14,009	-	-	6,254	14,009
Other financial liabilities	2,631	-	8,072	6,259	-	-	10,703	6,259
Other payables	273	547	131,681	193,029	(99,506)	(148,704)	32,448	44,872
Current tax liabilities	-	12,540	3,908	(3,200)	-	-	3,908	9,340
Deferred tax liabilities	26,096	15,490	3,229	1,193	-	-	29,325	16,683
Total liabilities	29,000	28,577	1,609,645	1,625,354	(137,433)	(184,564)	1,501,212	1,469,367
Total equity, policyholders' funds and liabilities	512,768	546,603	1,609,645	1,625,354	(137,433)	(184,564)	1,984,980	1,987,393

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2017 (CONTINUED)

19 **INSURANCE FUNDS (CONTINUED)**

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 2017 (continued)

	Shareholders' Fund		Life Fund		Elimination		Total	
	<u>30.06.2017</u>	<u>31.12.2016</u>	<u>30.06.2017</u>	<u>31.12.2016</u>	<u>30.06.2017</u>	<u>31.12.2016</u>	<u>30.06.2017</u>	<u>31.12.2016</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Company</u>								
<u>Assets</u>								
Property and equipment	-	-	53,318	54,784	-	-	53,318	54,784
Financial assets	390,125	384,394	1,331,108	1,285,690	(37,927)	(35,860)	1,683,306	1,634,224
Loans and receivables	20,468	13,473	77,291	133,755	-	-	97,759	147,228
Reinsurance assets	-	-	110,141	103,245	-	-	110,141	103,245
Insurance receivables	-	-	8,491	5,746	-	-	8,491	5,746
Other receivables	99,534	148,725	10,570	25,479	(99,506)	(148,704)	10,598	25,500
Cash and bank balances	10	11	18,726	16,655	-	-	18,736	16,666
Total assets	510,137	546,603	1,609,645	1,625,354	(137,433)	(184,564)	1,982,349	1,987,393

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2017 (CONTINUED)

19 **INSURANCE FUNDS (CONTINUED)**

Statement of financial position by Funds as at 30 June 2017 (continued)

	Shareholders' Fund		Life Fund		Elimination		Total	
	30.06.2017	31.12.2016	30.06.2017	31.12.2016	30.06.2017	31.12.2016	30.06.2017	31.12.2016
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Company</u>								
Share capital	358,000	342,000	-	-	-	-	358,000	342,000
Share premium	-	16,000	-	-	-	-	-	16,000
Retained earnings	35,784	108,440	-	-	-	-	35,784	108,440
Reserves	89,984	51,586	-	-	-	-	89,984	51,586
Total equity	483,768	518,026	-	-	-	-	483,768	518,026
<u>Liabilities</u>								
Insurance contract liabilities	-	-	1,435,763	1,395,518	(37,927)	(35,860)	1,397,836	1,359,658
Insurance claims liabilities	-	-	20,738	18,546	-	-	20,738	18,546
Insurance payables	-	-	6,254	14,009	-	-	6,254	14,009
Other financial liabilities	-	-	8,072	6,259	-	-	8,072	6,259
Other payables	273	547	131,681	193,029	(99,506)	(148,704)	32,448	44,872
Current tax liabilities	-	12,540	3,908	(3,200)	-	-	3,908	9,340
Deferred tax liabilities	26,096	15,490	3,229	1,193	-	-	29,325	16,683
Total liabilities	26,369	28,577	1,609,645	1,625,354	(137,433)	(184,564)	1,498,581	1,469,367
Total equity, policyholders' funds and liabilities	510,137	546,603	1,609,645	1,625,354	(137,433)	(184,564)	1,982,349	1,987,393

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2017 (CONTINUED)

19 INSURANCE FUNDS (CONTINUED)

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

	Shareholders' Fund		Life Fund		Elimination		Total	
	6 months period ended 30.6.2017 RM'000	6 months period ended 30.6.2016 RM'000	6 months period ended 30.6.2017 RM'000	6 months period ended 30.6.2016 RM'000	6 months period ended 30.6.2017 RM'000	6 months period ended 30.6.2016 RM'000	6 months period ended 30.6.2017 RM'000	6 months period ended 30.6.2016 RM'000
<u>Group</u>								
Gross premiums	-	-	257,018	216,218	-	-	257,018	216,218
Premiums ceded to reinsurers	-	-	(24,800)	(34,287)	-	-	(24,800)	(34,287)
Net premiums	-	-	232,218	181,931	-	-	232,218	181,931
Investment income	8,050	8,134	32,130	29,066	-	-	40,180	37,200
Net realised gains	-	-	95	-	-	-	95	-
Net fair value gains	4,406	6,593	33,439	15,814	(2,067)	142	35,778	22,549
Other operating income	115	-	1,157	1,130	-	-	1,272	1,130
Other income	12,571	14,727	66,821	46,010	(2,067)	142	77,325	60,879
Gross benefits and claims paid	-	-	(156,322)	(120,396)	-	-	(156,322)	(120,396)
Claims ceded to reinsurers	-	-	23,803	20,472	-	-	23,803	20,472
Gross change in contract liabilities	-	-	(40,245)	(37,321)	2,067	(142)	(38,178)	(37,463)
Change in contract liabilities ceded to reinsurers	-	-	6,028	10,668	-	-	6,028	10,668
Net claims	-	-	(166,736)	(126,577)	2,067	(142)	(164,669)	(126,719)

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2017 (CONTINUED)

19 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 30.6.2017	6 months period ended 30.6.2016	6 months period ended 30.6.2017	6 months period ended 30.6.2016	6 months period ended 30.6.2017	6 months period ended 30.6.2016	6 months period ended 30.6.2017	6 months period ended 30.6.2016
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Group</u>								
Commission expenses	-	-	(25,729)	(22,784)	-	-	(25,729)	(22,784)
Management expenses	(83)	-	(52,664)	(50,948)	-	-	(52,747)	(50,948)
Other operating expenses	(273)	(225)	(36)	(2)	-	-	(309)	(227)
Investment expenses	-	-	(1,008)	(950)	-	-	(1,008)	(950)
Other expenses	(356)	(225)	(79,437)	(74,684)	-	-	(79,793)	(74,909)
Profit before taxation	12,215	14,502	52,866	26,680	-	-	65,081	41,182
Tax expense attributable to policyholders and unitholders	-	-	(4,869)	(3,885)	-	-	(4,869)	(3,885)
Transfer from life fund	47,997	22,795	(47,997)	(22,795)	-	-	-	-
Profit before taxation attributable to Shareholders	60,212	37,297	-	-	-	-	60,212	37,297

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2017 (CONTINUED)

19 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	6 months period ended	6 months period ended	6 months period ended	6 months period ended	6 months period ended	6 months period ended	6 months period ended
	30.6.2017	30.6.2016	30.6.2017	30.6.2016	30.6.2017	30.6.2016	30.6.2017	30.6.2016
	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	60,212	37,297	-	-	-	-	60,212	37,297
Taxation *	(12,570)	(7,456)	(4,869)	(3,885)	-	-	(17,439)	(11,341)
Tax expense attributable to policyholders and unitholders	-	-	4,869	3,885	-	-	4,869	3,885
Tax expense attributable to Shareholders	(12,570)	(7,456)	-	-	-	-	(12,570)	(7,456)
Net profit for the financial period	47,642	29,841	-	-	-	-	47,642	29,841

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

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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 2017 (CONTINUED)

19 INSURANCE FUNDS (CONTINUED)

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

Company	Shareholders' Fund		Life Fund		Elimination		Total	
	6 months period ended 30.6.2017	6 months period ended 30.6.2016	6 months period ended 30.6.2017	6 months period ended 30.6.2016	6 months period ended 30.6.2017	6 months period ended 30.6.2016	6 months period ended 30.6.2017	6 months period ended 30.6.2016
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Gross premiums	-	-	257,018	216,218	-	-	257,018	216,218
Premiums ceded to reinsurers	-	-	(24,800)	(34,287)	-	-	(24,800)	(34,287)
Net premiums	-	-	232,218	181,931	-	-	232,218	181,931
Investment income	6,469	8,134	32,130	29,066	-	-	38,599	37,200
Net realised gains	-	-	95	-	-	-	95	-
Net fair value gains	5,904	6,593	33,439	15,814	(2,067)	142	37,276	22,549
Other operating income	115	-	1,157	1,130	-	-	1,272	1,130
Other income	12,488	14,727	66,821	46,010	(2,067)	142	77,242	60,879
Gross benefits and claims paid	-	-	(156,322)	(120,396)	-	-	(156,322)	(120,396)
Claims ceded to reinsurers	-	-	23,803	20,472	-	-	23,803	20,472
Gross change in contract liabilities	-	-	(40,245)	(37,321)	2,067	(142)	(38,178)	(37,463)
Change in contract liabilities ceded to reinsurers	-	-	6,028	10,668	-	-	6,028	10,668
Net claims	-	-	(166,736)	(126,577)	2,067	(142)	(164,669)	(126,719)

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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 2017 (CONTINUED)

19 INSURANCE FUNDS (CONTINUED)

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

<u>Company</u>	<u>Shareholders' Fund</u>		<u>Life Fund</u>		<u>Elimination</u>		<u>Total</u>	
	<u>6 months</u>	<u>6 months</u>	<u>6 months</u>	<u>6 months</u>	<u>6 months</u>	<u>6 months</u>	<u>6 months</u>	<u>6 months</u>
	<u>period ended</u>	<u>period ended</u>	<u>period ended</u>	<u>period ended</u>	<u>period ended</u>	<u>period ended</u>	<u>period ended</u>	<u>period ended</u>
	<u>30.6.2017</u>	<u>30.6.2016</u>	<u>30.6.2017</u>	<u>30.6.2016</u>	<u>30.6.2017</u>	<u>30.6.2016</u>	<u>30.6.2017</u>	<u>30.6.2016</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Commission expenses	-	-	(25,729)	(22,784)	-	-	(25,729)	(22,784)
Management expenses	-	-	(52,664)	(50,948)	-	-	(52,664)	(50,948)
Other operating expenses	(273)	(225)	(36)	(2)	-	-	(309)	(227)
Investment expenses	-	-	(1,008)	(950)	-	-	(1,008)	(950)
Other expenses	(273)	(225)	(79,437)	(74,684)	-	-	(79,710)	(74,909)
Profit before taxation	12,215	14,502	52,866	26,680	-	-	65,081	41,182
Tax expense attributable to policyholders and unitholders	-	-	(4,869)	(3,885)	-	-	(4,869)	(3,885)
Transfer from life fund	47,997	22,795	(47,997)	(22,795)	-	-	-	-
Profit before taxation attributable to Shareholders	60,212	37,297	-	-	-	-	60,212	37,297

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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 2017 (CONTINUED)

19 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	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
	30.6.2017	30.6.2016	30.6.2017	30.6.2016	30.6.2017	30.6.2016	30.6.2017	30.6.2016
	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	60,212	37,297	-	-	-	-	60,212	37,297
Taxation *	(12,570)	(7,456)	(4,869)	(3,885)	-	-	(17,439)	(11,341)
Tax expense attributable to policyholders and unitholders	-	-	4,869	3,885	-	-	4,869	3,885
Tax expense attributable to Shareholders	(12,570)	(7,456)	-	-	-	-	(12,570)	(7,456)
Net profit for the financial period	47,642	29,841	-	-	-	-	47,642	29,841

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