

Company No.

689263	M
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SUN LIFE MALAYSIA TAKAFUL BERHAD
(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2015

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Company No.

689263

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SUN LIFE MALAYSIA TAKAFUL BERHAD
(Incorporated in Malaysia)

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SUN LIFE MALAYSIA TAKAFUL BERHAD
(Incorporated in Malaysia)

UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015

	Note	30.6.2015				Audited 31.12.2014			
		Share- holders' fund RM'000	General Takaful fund RM'000	Family Takaful fund RM'000	Company RM'000	Share- holders' fund RM'000	General Takaful fund RM'000	Family Takaful fund RM'000	Company RM'000
ASSETS									
Property and equipment		158	-	-	158	209	-	-	209
Available-for-sale financial assets	13	195,983	26,718	479,634	702,335	170,078	19,446	420,721	610,245
Fair value through profit or loss financial assets	13	2,748	-	49,196	44,160	2,120	-	40,568	34,940
Financing and receivables		9,377	25,636	53,072	88,085	16,376	30,988	60,050	107,414
Qardhul Hasan receivables		204	-	-	-	277	-	-	-
Takaful receivables		-	5,678	22,243	27,921	-	4,327	24,988	29,315
Retakaful assets	14	-	21,478	4,214	25,692	-	26,465	4,363	30,828
Other receivables		36,420	2,432	916	3,222	33,330	1,193	4,244	6,387
Deferred tax assets		4,750	(13)	(1,327)	3,461	5,656	38	(80)	5,685
Cash and bank balances		9,376	9,895	30,111	49,382	9,086	3,592	16,211	28,889
Total assets		259,016	91,824	638,059	944,416	237,132	86,049	571,065	853,912

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SUN LIFE MALAYSIA TAKAFUL BERHAD

(Incorporated in Malaysia)

UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015 (CONTINUED)

	30.6.2015				Audited 31.12.2014				
	Note	Share- holders' fund	General Takaful fund	Family Takaful fund	Company	Share- holders' fund	General Takaful fund	Family Takaful fund	Company
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
EQUITY AND LIABILITIES									
Share capital		100,010	-	-	100,010	100,010	-	-	100,010
Share premium		99,990	-	-	99,990	99,990	-	-	99,990
Available-for-sale reserve		2,401	-	-	2,401	1,450	-	-	1,450
Accumulated losses		83	-	(204)	(70)	(12,876)	-	(285)	(13,082)
Total equity		202,484	-	(204)	202,331	188,574	-	(285)	188,368
LIABILITIES									
Qardhul Hasan payables		-	-	204	-	-	-	285	-
Takaful contract liabilities	15	-	69,690	599,516	661,422	-	70,930	527,929	591,111
Takaful payables		-	3,307	11,910	15,217	-	3,377	16,726	20,103
Other payables		26,946	17,406	25,575	33,381	22,858	12,042	26,237	28,757
Expense liabilities		30,500	-	-	30,500	23,504	-	-	23,504
Current tax liabilities		(914)	1,421	1,058	1,565	2,196	(300)	173	2,069
Total liabilities		56,532	91,824	638,263	742,085	48,558	86,049	571,350	665,544
TOTAL EQUITY AND LIABILITIES		259,016	91,824	638,059	944,416	237,132	86,049	571,065	853,912

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

Note:

In preparing the Company-level financial statements, balances and transactions of shareholders' fund and takaful funds are amalgamated and during the amalgamation, interfund balances and transactions are eliminated.

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SUN LIFE MALAYSIA TAKAFUL BERHAD
(Incorporated in Malaysia)

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

	6 months period ended 30.6.2015				6 months period ended 30.6.2014			
	Share- holders' fund RM'000	General Takaful fund RM'000	Family Takaful fund RM'000	Company RM'000	Share- holders' fund RM'000	General Takaful fund RM'000	Family Takaful fund RM'000	Company RM'000
Gross earned contribution	-	32,712	177,336	210,048	-	25,159	138,038	163,197
Contribution ceded to retakaful operators	-	(3,209)	(33,920)	(37,129)	-	(1,904)	(40,077)	(41,981)
Net earned contribution	-	29,503	143,416	172,919	-	23,255	97,961	121,216
Wakalah income	79,742	-	-	-	56,621	-	-	-
Surplus sharing from General and Family Takaful funds	6,809	-	-	-	6,321	-	-	-
Investment income	4,887	877	11,863	16,867	4,056	1,046	8,428	12,590
Realised gains/(losses)	912	3	376	1,291	34	(2)	532	564
Net fair value gains	-	-	-	-	664	-	2,697	3,361
Commission income	-	-	4,901	4,901	-	-	4,343	4,343
Other operating income	394	73	65	532	296	101	89	486
Writeback of impairment charge on Qardhul Hasan extended to General and Family Takaful funds	8	-	-	-	124	-	-	-
Total income	92,752	30,456	160,621	196,510	68,116	24,400	114,050	142,560

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SUN LIFE MALAYSIA TAKAFUL BERHAD

(Incorporated in Malaysia)

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2015 (CONTINUED)

	6 months period ended 30.6.2015				6 months period ended 30.6.2014			
	Share- holders' fund RM'000	General Takaful fund RM'000	Family Takaful fund RM'000	Company RM'000	Share- holders' fund RM'000	General Takaful fund RM'000	Family Takaful fund RM'000	Company RM'000
Gross benefits and claims paid	-	(6,219)	(45,545)	(51,764)	-	(5,558)	(25,457)	(31,015)
Claims ceded to retakaful operators	-	4,219	18,631	22,850	-	3,297	6,941	10,238
Gross change to contract liabilities	-	2,648	(66,713)	(64,065)	-	(8,433)	(47,089)	(55,522)
Change in contract liabilities ceded to retakaful operators	-	(5,603)	(149)	(5,752)	-	6,282	(206)	6,076
	-	(4,955)	(93,776)	(98,731)	-	(4,412)	(65,811)	(70,223)
Surplus sharing with Takaful operator	-	(4,660)	(2,149)	-	-	(4,282)	(2,039)	-
Wakalah expenses	-	(19,095)	(60,647)	-	-	(13,527)	(43,094)	-
Net fair value losses	(167)	-	(1,647)	(1,814)	-	-	-	-
Commission expenses	(31,524)	-	-	(31,524)	(23,167)	-	-	(23,167)
Management expenses	(37,551)	-	-	(37,551)	(30,860)	-	-	(30,860)
Other operating expenses	(8,598)	(21)	(1,580)	(9,439)	(8,775)	(620)	(2,185)	(10,640)
Total expenses	(77,840)	(23,776)	(66,023)	(80,328)	(62,802)	(18,429)	(47,318)	(64,667)
Profit before taxation	14,912	1,725	822	17,451	5,314	1,559	921	7,670

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UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2015 (CONTINUED)

	6 months period ended 30.6.2015				6 months period ended 30.6.2014			
	Share- holders' fund RM'000	General Takaful fund RM'000	Family Takaful fund RM'000	Company RM'000	Share- holders' fund RM'000	General Takaful fund RM'000	Family Takaful fund RM'000	Company RM'000
Profit before taxation	14,912	1,725	822	17,451	5,314	1,559	921	7,670
Tax expense attributable to participants	-	(1,725)	(741)	(2,466)	-	(1,559)	(777)	(2,336)
Profit before taxation attributable to Shareholders	14,912	-	81	14,985	5,314	-	144	5,334
Taxation	(1,953)	(1,725)	(741)	(4,439)	2,128	(1,559)	(777)	(245)
Tax expense attributable to participants	-	1,725	741	2,466	-	1,559	777	2,336
Tax expense attributable to Shareholders	(1,953)	-	-	(1,973)	2,128	-	-	2,091
Net profit for the financial period	12,959	-	81	13,012	7,442	-	144	7,425

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SUN LIFE MALAYSIA TAKAFUL BERHAD
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UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2015 (CONTINUED)

	6 months period ended 30.6.2015				6 months period ended 30.6.2014			
	Share- holders' fund RM'000	General Takaful fund RM'000	Family Takaful fund RM'000	Company RM'000	Share- holders' fund RM'000	General Takaful fund RM'000	Family Takaful fund RM'000	Company RM'000
Other comprehensive income/(loss):								
Items that may be subsequently reclassified to profit or loss:								
Fair value change on available-for-sale financial assets:								
- Gross fair value change	1,268	181	6,255	6,748	98	(19)	(1,169)	(1,090)
- Deferred taxation	(317)	(45)	(1,380)	(786)	(24)	5	94	75
- Net fair value change	951	136	4,875	5,962	74	(14)	(1,075)	(1,015)
Change in Takaful contract liabilities arising from unrealised net fair value changes	-	(136)	(4,875)	(5,011)	-	14	1,075	1,089
Other comprehensive income for the financial period, net of tax	951	-	-	951	74	-	-	74
Total comprehensive income for the financial period	13,910	-	81	13,963	7,516	-	144	7,499

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

Note:

In preparing the Company-level financial statements, balances and transactions of shareholders' fund and takaful funds are amalgamated and during the amalgamation, interfund balances and transactions are eliminated.

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SUN LIFE MALAYSIA TAKAFUL BERHAD
(Incorporated in Malaysia)

UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2015

	<u>Non-distributable</u>				
	<u>Share capital</u>	<u>Share premium</u>	<u>Available- for-sale reserve</u>	<u>Accumu- lated losses</u>	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 January 2015	100,010	99,990	1,450	(13,082)	188,368
Total comprehensive income for the financial period	-	-	951	13,012	13,963
As at 30 June 2015	<u>100,010</u>	<u>99,990</u>	<u>2,401</u>	<u>(70)</u>	<u>202,331</u>
As at 1 January 2014	100,010	99,990	287	(30,384)	169,903
Total comprehensive income for the financial period	-	-	74	7,425	7,499
As at 30 June 2014	<u>100,010</u>	<u>99,990</u>	<u>361</u>	<u>(22,959)</u>	<u>177,402</u>

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

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SUN LIFE MALAYSIA TAKAFUL BERHAD
(Incorporated in Malaysia)

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

	6 months period ended <u>30.6.2015</u> RM'000	6 months period ended <u>30.6.2014</u> RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit after taxation for the financial period	13,012	7,425
Adjustments for:		
Depreciation of property and equipment	51	49
Amortisation of intangible assets	-	567
(Accretion of discounts)/Amortisation of premiums	(38)	66
Realised gains on disposal of financial assets	(1,291)	(564)
Profit income	(16,244)	(11,655)
Dividend income	(614)	(1,001)
Net fair value losses/(gains)	1,814	(3,361)
Provision for expense liability	6,996	8,575
Writeback of allowance for doubtful debts on Takaful receivables	(16)	(45)
(Decrease)/increase in General Takaful contract liabilities	(1,376)	5,879
Increase in Family Takaful contract liabilities	66,712	47,089
Taxation	4,441	245
	<hr/>	<hr/>
Profit from operations before changes in operating assets and liabilities	73,447	53,269
Proceeds from disposal and maturity of investments	183,721	71,639
Purchase of investments	(276,808)	(252,421)
Decrease/(increase) in other receivables	3,365	(966)
Decrease/(increase) in Takaful receivables	1,410	(10,471)
Decrease in financing and receivables	19,315	122,044
Decrease/(increase) in retakaful assets	5,136	(7,186)
Increase in other payables	4,624	3,482
(Decrease)/increase in Takaful payables	(4,886)	1,477
	<hr/>	<hr/>
	9,324	(19,133)
Income tax paid, net of refund	(4,463)	(5,997)
Profit income received	15,218	9,643
Dividend income received	414	1,081
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Net cash generating from/(used in) operating activities	20,493	(14,406)
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SUN LIFE MALAYSIA TAKAFUL BERHAD
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UNAUDITED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2015 (CONTINUED)

	6 months period ended <u>30.6.2015</u> RM'000	6 months period ended <u>30.6.2014</u> RM'000
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	20,493	(14,406)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	<u>28,889</u>	<u>38,141</u>
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	<u><u>49,382</u></u>	<u><u>23,735</u></u>
Cash and cash equivalents comprise:		
Cash and bank balances	<u><u>49,382</u></u>	<u><u>23,735</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 Takaful contracts, net of cash flows for payments of benefits and claims incurred for Takaful 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 TAKAFUL BERHAD
(Incorporated in Malaysia)

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

1 CORPORATE INFORMATION

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

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

The registered office of the Company is located at the 11th Floor, No 338, Jalan Tuanku Abdul Rahman, 50100 Kuala Lumpur, Malaysia.

The principal place of business of the Company is located at the 8th Floor, No 338, Jalan Tuanku Abdul Rahman, 50100 Kuala Lumpur, Malaysia.

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

2 BASIS OF PREPARATION

The unaudited interim financial statements of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS") 134, "Interim Financial Reporting" which do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's audited financial statements for the financial year ended 31 December 2014.

Following the adoption of MFRS, a Takaful Operator is required to present its financial statements for itself and the Takaful funds it manages.

In preparing the Company's unaudited interim financial statements as a whole, the assets, liabilities, income and expenses of the Takaful fund are combined with those of the Takaful Operator. Interfund balances and transactions are eliminated in arriving at the Company's interim financial statements.

The inclusion of separate financial information of the Takaful funds and the Takaful Operator together with the financial information of the Company as a whole in the statement of financial position, the statement of comprehensive income as well as certain relevant notes to the interim financial statements represents additional supplementary information presented in accordance with the requirements of BNM pursuant to the Islamic Financial Services Act, 2013 in Malaysia to separate assets, liabilities, income and expenses of the Takaful funds from its own. The accounting policies adopted for the Takaful Operator and Takaful funds are uniform for like transactions and events in similar circumstances.

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.

SUN LIFE MALAYSIA TAKAFUL BERHAD

(Incorporated in Malaysia)

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

2 BASIS OF PREPARATION (CONTINUED)

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 judgments are based on the Directors' best knowledge of current events and actions, actual results may differ from those estimates.

3 SIGNIFICANT ACCOUNTING POLICIES

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

<u>MFRSs/Interpretations</u>	<u>Effective Date</u>
MFRS 9 "Financial Instruments"	1 January 2018

- MFRS 9 "Financial Instruments" will replace MFRS 139 "Financial Instruments: Recognition and Measurement". The complete version of MFRS 9 was issued in November 2014.

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

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

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

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

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SUN LIFE MALAYSIA TAKAFUL BERHAD

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

4 SEASONALITY OF OPERATIONS

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

5 CHANGES IN ESTIMATES

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

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

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

7 ISSUANCE OR REPAYMENT OF DEBT AND EQUITY SECURITIES

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

8 DIVIDENDS PAID

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

9 COMMITMENTS AND CONTINGENCIES

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

10 SIGNIFICANT EVENTS AND TRANSACTIONS

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

SUN LIFE MALAYSIA TAKAFUL BERHAD

(Incorporated in Malaysia)

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

11 SUBSEQUENT EVENTS

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

12 EFFECT OF CHANGES IN THE COMPOSITION OF THE COMPANY

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

13 FINANCIAL ASSETS

	Shareholders' fund <u>RM'000</u>	General Takaful fund <u>RM'000</u>	Family Takaful fund <u>RM'000</u>	<u>Company</u> <u>RM'000</u>
<u>30.6.2015</u>				
Government Investment Issues	96,109	7,004	69,373	172,486
Cagamas Sukuk	-	-	20,096	20,096
Unquoted Sukuk	89,775	19,504	389,662	495,311
Quoted equity securities	2,748	-	44,395	42,989
Unit trust funds	-	-	22	22
Investments in investment-linked funds	7,784	-	-	7,784
Accrued profit	2,315	210	5,282	7,807
Total	<u>198,731</u>	<u>26,718</u>	<u>528,830</u>	<u>746,495</u>
<u>31.12.2014</u>				
Government Investment Issues	18,196	4,895	68,316	91,407
Cagamas Sukuk	-	-	19,922	19,922
Unquoted Sukuk	142,484	14,381	332,115	485,408
Quoted equity securities	2,120	-	35,989	33,933
Investments in investment-linked funds	7,748	-	-	7,748
Accrued profit	1,650	170	4,947	6,767
Total	<u>172,198</u>	<u>19,446</u>	<u>461,289</u>	<u>645,185</u>

SUN LIFE MALAYSIA TAKAFUL BERHAD

(Incorporated in Malaysia)

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

13 FINANCIAL ASSETS (CONTINUED)

The Company's financial assets are summarised as follows:

	Shareholders' fund <u>RM'000</u>	General Takaful fund <u>RM'000</u>	Family Takaful fund <u>RM'000</u>	<u>Company</u> <u>RM'000</u>
<u>30.6.2015</u>				
AFS	195,983	26,718	479,634	702,335
FVTPL – designated upon initial recognition	2,748	-	49,196	44,160
Total	<u>198,731</u>	<u>26,718</u>	<u>528,830</u>	<u>746,495</u>
<u>31.12.2014</u>				
AFS	170,078	19,446	420,721	610,245
FVTPL – designated upon initial recognition	2,120	-	40,568	34,940
Total	<u>172,198</u>	<u>19,446</u>	<u>461,289</u>	<u>645,185</u>

The following financial assets mature after 12 months:

	Shareholders' fund <u>RM'000</u>	General Takaful fund <u>RM'000</u>	Family Takaful fund <u>RM'000</u>	<u>Company</u> <u>RM'000</u>
<u>30.6.2015</u>				
AFS	183,329	20,798	453,548	657,675
FVTPL – designated upon initial recognition	2,748	-	46,594	45,712
	<u>186,077</u>	<u>20,798</u>	<u>500,142</u>	<u>703,387</u>
<u>31.12.2014</u>				
AFS	155,678	18,276	411,818	585,772
FVTPL – designated upon initial recognition	-	-	3,032	643
	<u>155,678</u>	<u>18,276</u>	<u>414,850</u>	<u>586,415</u>

SUN LIFE MALAYSIA TAKAFUL BERHAD
(Incorporated in Malaysia)

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

13 FINANCIAL ASSETS (CONTINUED)

(a) AFS

	Shareholders' fund <u>RM'000</u>	General Takaful fund <u>RM'000</u>	Family Takaful fund <u>RM'000</u>	<u>Company</u> <u>RM'000</u>
<u>30.6.2015</u>				
Government Investment Issues	96,109	7,004	69,373	172,486
Cagamas Sukuk	-	-	20,096	20,096
Unquoted Sukuk	89,775	19,504	384,931	494,210
Investments in investment-linked funds	7,784	-	-	7,784
Accrued profit	2,315	210	5,234	7,759
Total	<u>195,983</u>	<u>26,718</u>	<u>479,634</u>	<u>702,335</u>
<u>31.12.2014</u>				
Government Investment Issues	18,196	4,895	68,316	91,407
Cagamas Sukuk	-	-	19,922	19,922
Unquoted Sukuk	142,484	14,381	327,582	484,447
Investments in investment-linked funds	7,748	-	-	7,748
Accrued profit	1,650	170	4,901	6,721
Total	<u>170,078</u>	<u>19,446</u>	<u>420,721</u>	<u>610,245</u>

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

13 FINANCIAL ASSETS (CONTINUED)

(b) FVTPL – designated upon initial recognition

	Shareholders' fund <u>RM'000</u>	Family Takaful fund <u>RM'000</u>	<u>Company</u> <u>RM'000</u>
<u>30.6.2015</u>			
Unquoted Sukuk	-	4,731	1,101
Quoted equity securities	2,748	44,395	42,989
Unit trust funds	-	22	22
Accrued profit	-	48	48
Total	<u>2,748</u>	<u>49,196</u>	<u>44,160</u>
<u>31.12.2014</u>			
Unquoted Sukuk	-	4,533	961
Quoted equity securities	2,120	35,989	33,933
Accrued profit	-	46	46
Total	<u>2,120</u>	<u>40,568</u>	<u>34,940</u>

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

13 FINANCIAL ASSETS (CONTINUED)

(c) Carrying values of financial assets

	Available-for-sale			FVTPL		Company RM'000
	Share- holders' fund RM'000	General Takaful fund RM'000	Family Takaful fund RM'000	Share- holders' fund RM'000	Family Takaful fund RM'000	
1 January 2015	170,078	19,446	420,721	2,120	40,568	645,185
Purchases	92,723	12,543	142,555	1,423	27,564	276,808
Maturities	(3,007)	(4,496)	-	-	(501)	(8,004)
Disposals	(65,764)	(1,001)	(90,216)	(692)	(16,779)	(174,451)
Fair value gains/(losses) recorded in:						
Profit or loss	-	-	-	(103)	(1,657)	(1,760)
Other comprehensive income/(loss)	1,268	181	6,255	-	-	7,703
Elimination of fair value gains from Shareholders' fund investment in investment-linked funds	-	-	-	-	-	(36)
Movement in accrued profit	665	40	333	-	2	1,040
(Amortisation)/accretion adjustments	20	5	(14)	-	(1)	10
At 30 June 2015	195,983	26,718	479,634	2,748	49,196	746,495

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

13 FINANCIAL ASSETS (CONTINUED)

(c) Carrying values of financial assets (continued)

	Available-for-sale			FVTPL		Company RM'000
	Share- holders' fund RM'000	General Takaful fund RM'000	Family Takaful fund RM'000	Share- holders' fund RM'000	Family Takaful fund RM'000	
1 January 2014	54,842	24,159	256,821	5,959	39,144	373,114
Purchases	142,606	11,382	259,326	7,244	88,150	508,708
Maturities	-	(5,002)	(9,943)	-	-	(14,945)
Disposals	(30,159)	(11,022)	(89,979)	(10,772)	(86,194)	(228,126)
Fair value gains/(losses) recorded in:						
Profit or loss	-	-	-	(311)	(526)	(837)
Other comprehensive income	1,551	13	2,762	-	-	4,326
Elimination of fair value loss from Shareholders' fund investment in investment-linked funds	-	-	-	-	-	63
Movement in accrued profit	1,245	(100)	1,822	-	9	2,976
(Amortisation)/accretion adjustments	(7)	16	(88)	-	(15)	(94)
At 31 December 2014/ 1 January 2015	170,078	19,446	420,721	2,120	40,568	645,185

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NOTES TO THE FINANCIAL STATEMENTS

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

13 FINANCIAL ASSETS (CONTINUED)

(d) Fair values hierarchy

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

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

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

Level 2 – Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in inactive markets, inputs that are observable that are not prices (such as profit 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.

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

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

	<u>Level 1</u> RM'000	<u>Level 2</u> RM'000	<u>Total</u> RM'000
<u>30.6.2015</u>			
<u>Shareholders' fund</u>			
<u>AFS</u>			
- Government Investment Issues	-	96,109	96,109
- Unquoted Sukuk	-	89,775	89,775
- Investments in investment-linked funds	7,784	-	7,784
- Accrued profit	-	2,315	2,315
<u>FVTPL – designated upon initial recognition</u>			
- Quoted equity securities	2,748	-	2,748
	<u>10,532</u>	<u>188,199</u>	<u>198,731</u>

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NOTES TO THE FINANCIAL STATEMENTS
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13 FINANCIAL ASSETS (CONTINUED)

(d) Fair values hierarchy (continued)

	<u>Level 1</u> RM'000	<u>Level 2</u> RM'000	<u>Total</u> RM'000
<u>30.6.2015</u> (continued)			
<u>General Takaful fund</u>			
<u>AFS</u>			
- Government Investment Issues	-	7,004	7,004
- Unquoted Sukuk	-	19,504	19,504
- Accrued profit	-	210	210
	-	26,718	26,718
<u>Family Takaful fund</u>			
<u>AFS</u>			
- Government Investment Issues	-	69,373	69,373
- Cagamas Sukuk	-	20,096	20,096
- Unquoted Sukuk	-	384,931	384,931
- Accrued profit	-	5,234	5,234
<u>FVTPL – designated upon initial recognition</u>			
- Quoted equity securities	44,395	-	44,395
- Unit trust funds	22	-	22
- Unquoted Sukuk	-	4,731	4,731
- Accrued profit	-	48	48
	44,417	484,413	528,830
<u>Company</u>			
<u>AFS</u>			
- Government Investment Issues	-	172,486	172,486
- Cagamas Sukuk	-	20,096	20,096
- Unquoted Sukuk	-	494,210	494,210
- Investments in investment-linked funds	7,784	-	7,784
- Accrued profit	-	7,759	7,759
<u>FVTPL – designated upon initial recognition</u>			
- Quoted equity securities	42,989	-	42,989
- Unit trust funds	22	-	22
- Unquoted Sukuk	-	1,101	1,101
- Accrued profit	-	48	48
	50,795	695,700	746,495

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

13 FINANCIAL ASSETS (CONTINUED)

(d) Fair values hierarchy (continued)

	<u>Level 1</u> RM'000	<u>Level 2</u> RM'000	<u>Total</u> RM'000
<u>31.12.2014</u>			
<u>Shareholders' fund</u>			
<u>AFS</u>			
- Government Investment Issues	-	18,196	18,196
- Unquoted Sukuk	-	142,484	142,484
- Investments in investment-linked funds	7,748	-	7,748
- Accrued profit	-	1,650	1,650
<u>FVTPL – designated upon initial recognition</u>			
- Quoted equity securities	2,120	-	2,120
	<u>9,868</u>	<u>162,330</u>	<u>172,198</u>
<u>General Takaful fund</u>			
<u>AFS</u>			
- Government Investment Issues	-	4,895	4,895
- Unquoted Sukuk	-	14,381	14,381
- Accrued profit	-	170	170
	<u>-</u>	<u>19,446</u>	<u>19,446</u>
<u>Family Takaful fund</u>			
<u>AFS</u>			
- Government Investment Issues	-	68,316	68,316
- Cagamas Sukuk	-	19,922	19,922
- Unquoted Sukuk	-	327,582	327,582
- Accrued profit	-	4,901	4,901
<u>FVTPL – designated upon initial recognition</u>			
- Quoted equity securities	35,989	-	35,989
- Unquoted Sukuk	-	4,533	4,533
- Accrued profit	-	46	46
	<u>35,989</u>	<u>425,300</u>	<u>461,289</u>

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

13 FINANCIAL ASSETS (CONTINUED)

(d) Fair values hierarchy (continued)

	<u>Level 1</u> RM'000	<u>Level 2</u> RM'000	<u>Total</u> RM'000
<u>31.12.2014 (continued)</u>			
<u>Company</u>			
<u>AFS</u>			
- Government Investment Issues	-	91,407	91,407
- Cagamas Sukuk	-	19,922	19,922
- Unquoted Sukuk	-	484,447	484,447
- Investments in investment-linked funds	7,748	-	7,748
- Accrued profit	-	6,721	6,721
<u>FVTPL – designated upon initial recognition</u>			
- Quoted equity securities	33,933	-	33,933
- Unquoted Sukuk	-	961	961
- Accrued profit	-	46	46
	<u>41,681</u>	<u>603,504</u>	<u>645,185</u>

14 RETAKAFUL ASSETS

	<u>General</u> <u>Takaful</u> <u>fund</u> RM'000	<u>Family</u> <u>Takaful</u> <u>fund</u> RM'000	<u>Company</u> RM'000
Retakaful of Takaful contracts (Note 15)			
30 June 2015	<u>21,478</u>	<u>4,214</u>	<u>25,692</u>
Receivable within 12 months	18,634	4,943	23,577
Receivable after 12 months	2,844	(729)	2,115
	<u>21,478</u>	<u>4,214</u>	<u>25,692</u>
31 December 2014	<u>26,465</u>	<u>4,363</u>	<u>30,828</u>
Receivable within 12 months	23,143	5,055	28,198
Receivable after 12 months	3,322	(692)	2,630
	<u>26,465</u>	<u>4,363</u>	<u>30,828</u>

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NOTES TO THE FINANCIAL STATEMENTS
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15 TAKAFUL CONTRACT LIABILITIES

	30.6.2015			31.12.2014		
	General Takaful fund RM'000	Family Takaful fund RM'000	Company RM'000	General Takaful fund RM'000	Family Takaful fund RM'000	Company RM'000
Gross Retakaful (Note 14)	69,690 (21,478)	599,516 (4,214)	661,422 (25,692)	70,930 (26,465)	527,929 (4,363)	591,111 (30,828)
Net	48,212	595,302	635,730	44,465	523,566	560,283
Current	37,705	40,754	78,459	33,825	49,138	82,963
Non-current	10,507	554,548	557,271	10,640	474,428	477,320
	48,212	595,302	635,730	44,465	523,566	560,283

(a) Family Takaful contract liabilities

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

	30.6.2015			31.12.2014		
	Gross RM'000	Re- takaful RM'000	Net RM'000	Gross RM'000	Re- takaful RM'000	Net RM'000
Certificateholders' liabilities	559,633	683	560,316	501,448	762	502,210
Net asset value attributable to certificateholders	16,335	-	16,335	16,330	-	16,330
Actuarial liabilities	575,968	683	576,651	517,778	762	518,540
Claims liabilities	8,822	(4,897)	3,925	7,484	(5,125)	2,359
Unallocated surplus	9,383	-	9,383	2,199	-	2,199
Available-for-sale fair value adjustment						
- gross	6,764	-	6,764	509	-	509
- deferred tax	(1,421)	-	(1,421)	(41)	-	(41)
	5,343	-	5,343	468	-	468
	599,516	(4,214)	595,302	527,929	(4,363)	523,566

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

15 TAKAFUL CONTRACT LIABILITIES (CONTINUED)

(a) Family Takaful contract liabilities (continued)

The Family Takaful contract liabilities and its movements are further analysed as follows:
(continued)

<u>30.6.2015</u>	<u>Gross</u> RM'000	Re- <u>takaful</u> RM'000	<u>Net</u> RM'000
At 1 January 2015	527,929	(4,363)	523,566
<u>Projected changes of inforce Takaful certificates</u>			
Contribution income	11,019	(13,078)	(2,059)
Benefits	(27,221)	14,527	(12,694)
Investment returns	8,510	-	8,510
Others	(6,776)	(1,524)	(8,300)
Experience variance on inforce Takaful certificates	(290)	45	(245)
Reserve on new Takaful certificates	69,044	32	69,076
Miscellaneous	3,899	(81)	3,818
Movement in net asset value attributable to certificateholders	5	-	5
Movement in claims liabilities	1,338	228	1,566
Movement in unallocated surplus	7,184	-	7,184
Movement in AFS fair value adjustment	4,875	-	4,875
At 30 June 2015	<u>599,516</u>	<u>(4,214)</u>	<u>595,302</u>

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15 TAKAFUL CONTRACT LIABILITIES (CONTINUED)

(a) Family Takaful contract liabilities (continued)

The Family Takaful contract liabilities and its movements are further analysed as follows:
(continued)

<u>31.12.2014</u>	<u>Gross</u> RM'000	Re- <u>takaful</u> RM'000	<u>Net</u> RM'000
At 1 January 2014	418,604	(8,588)	410,016
<u>Projected changes of inforce Takaful certificates</u>			
Contribution income	23,464	(16,753)	6,711
Benefits	(38,327)	21,132	(17,195)
Investment returns	13,834	(1,337)	12,497
Others	(16,102)	(2,242)	(18,344)
Experience variance on inforce Takaful certificates	4,089	(963)	3,126
Reserve on new Takaful certificates	128,568	781	129,349
Miscellaneous	(6,816)	4,586	(2,230)
Movement in net asset value attributable to certificateholders	554	-	554
Movement in claims liabilities	779	(979)	(200)
Movement in unallocated surplus	(3,259)	-	(3,259)
Movement in AFS fair value adjustment	2,541	-	2,541
At 31 December 2014	<u>527,929</u>	<u>(4,363)</u>	<u>523,566</u>

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

15 TAKAFUL CONTRACT LIABILITIES (CONTINUED)

(b) General Takaful contract liabilities

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

	30.6.2015			31.12.2014		
	<u>Gross</u> RM'000	Re- takaful RM'000	<u>Net</u> RM'000	<u>Gross</u> RM'000	Re- takaful RM'000	<u>Net</u> RM'000
Provision for claims reported by certificateholders	5,976	(3,798)	2,178	6,640	(3,776)	2,864
Provision for IBNR	34,984	(15,424)	19,560	41,628	(21,049)	20,579
Provision for outstanding claims (i)	40,960	(19,222)	21,738	48,268	(24,825)	23,443
Unearned contribution reserve (ii)	12,067	(2,256)	9,811	10,796	(1,640)	9,156
Unallocated surplus	16,632	-	16,632	11,971	-	11,971
Available-for-sale fair value adjustment						
- gross	41	-	41	(140)	-	(140)
- deferred tax	(10)	-	(10)	35	-	35
	31	-	31	(105)	-	(105)
	69,690	(21,478)	48,212	70,930	(26,465)	44,465

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

15 TAKAFUL CONTRACT LIABILITIES (CONTINUED)

(b) General Takaful contract liabilities (continued)

(i) Provision for outstanding claims

	30.6.2015			31.12.2014		
	<u>Gross</u> RM'000	<u>Re- takaful</u> RM'000	<u>Net</u> RM'000	<u>Gross</u> RM'000	<u>Re- takaful</u> RM'000	<u>Net</u> RM'000
At 1 January	48,268	(24,825)	23,443	44,138	(16,797)	27,341
Claims incurred in the current accident year	10,183	(4,778)	5,405	21,254	(11,942)	9,312
Other movements in claims incurred in prior accident years	(11,271)	6,163	(5,108)	(9,323)	(1,903)	(11,226)
Claims paid during the financial period/ year	(6,220)	4,218	(2,002)	(7,801)	5,817	(1,984)
At 30 June/ 31 December	<u>40,960</u>	<u>(19,222)</u>	<u>21,738</u>	<u>48,268</u>	<u>(24,825)</u>	<u>23,443</u>
 (ii) Unearned contribution reserve						
At 1 January	10,796	(1,640)	9,156	7,557	(562)	6,995
Contribution written in the financial period/ year	33,983	(3,825)	30,158	60,421	(6,829)	53,592
Contribution earned during the financial period/year	(32,712)	3,209	(29,503)	(57,182)	5,751	(51,431)
At 30 June/ 31 December	<u>12,067</u>	<u>(2,256)</u>	<u>9,811</u>	<u>10,796</u>	<u>(1,640)</u>	<u>9,156</u>

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NOTES TO THE FINANCIAL STATEMENTS
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15 TAKAFUL CONTRACT LIABILITIES (CONTINUED)

(c) Takaful contract liabilities at Company level

	<u>30.6.2015</u>			<u>Company</u> <u>31.12.2014</u>		
	<u>Gross</u> RM'000	Re- <u>takaful</u> RM'000	<u>Net</u> RM'000	<u>Gross</u> RM'000	Re- <u>takaful</u> RM'000	<u>Net</u> RM'000
Family Takaful fund (Note 15(a))	599,516	(4,214)	595,302	527,929	(4,363)	523,566
General Takaful fund (Note 15(b))	74,085	(25,873)	48,212	70,930	(26,465)	44,465
	673,601	(30,087)	643,514	598,859	(30,828)	568,031
Elimination of Shareholders' fund investment in investment-linked funds	(7,784)	-	(7,784)	(7,748)	-	(7,748)
Total	665,817	(30,087)	635,730	591,111	(30,828)	560,283

16 REGULATORY CAPITAL REQUIREMENTS

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

	<u>30.6.2015</u> RM'000	<u>31.12.2014</u> RM'000
<u>Eligible Tier 1 Capital</u>		
Share capital (paid-up)	100,010	100,010
Share premium	99,990	99,990
Accumulated losses	(5,024)	(12,876)
Eligible contract liabilities	23,002	2,199
	217,978	189,323
<u>Tier 2 Capital</u>		
Eligible reserves	4,064	2,076
Amounts deducted from capital	(4,954)	(5,932)
Total capital available	217,088	185,467