

Company No.

8029	A
------	---

ZURICH INSURANCE MALAYSIA BERHAD  
(formerly known as MALAYSIAN ASSURANCE ALLIANCE BERHAD)  
(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 30 JUNE 2012

Company No.

8029	A
------	---

ZURICH INSURANCE MALAYSIA BERHAD  
(formerly known as MALAYSIAN ASSURANCE ALLIANCE BERHAD)  
(Incorporated in Malaysia)

CONTENTS	PAGES
Statement of Financial Position	1
Income Statement	2
Statement of Comprehensive Income	3
Statement of Changes in Equity	4
Cash Flow Statement	5
Notes to the Interim Financial Statements	6 - 23

Company No.

8029	A
------	---

ZURICH INSURANCE MALAYSIA BERHAD  
(formerly known as MALAYSIAN ASSURANCE ALLIANCE BERHAD)  
(Incorporated in Malaysia)

**UNAUDITED INTERIM STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2012**

	Note	30.06.2012 RM'000	01.01.2012 RM'000	31.12.2011 RM'000
<b>Assets</b>				
Property, plant and equipment		255,806	259,537	259,537
Intangible assets		2,994	3,023	3,023
Investment properties		362,021	363,108	363,108
Investments	13	6,180,416	5,462,026	5,462,026
Available-for-sale financial assets		4,856,295	3,947,004	3,733,153
Financial assets at fair value through profit or loss		754,136	897,593	1,111,444
Loans and receivables		569,985	617,429	617,429
Reinsurance assets	14	184,358	213,845	213,845
Insurance receivables		73,405	79,707	79,707
Other receivables		35,426	60,853	60,853
Tax recoverable		61,213	51,353	51,353
Deferred tax assets		22,847	22,702	22,702
Cash and cash equivalents		693,519	1,404,373	1,404,373
<b>Total assets</b>		<b>7,872,005</b>	<b>7,920,527</b>	<b>7,920,527</b>
<b>Equity, policyholders' funds and liabilities</b>				
Share capital		579,000	579,000	579,000
Retained earnings		89,671	88,871	88,429
Other reserves		11,565	10,254	10,696
<b>Total equity</b>		<b>680,236</b>	<b>678,125</b>	<b>678,125</b>
Insurance contract liabilities	15	5,916,506	6,076,613	6,076,613
Deferred tax liabilities		31,839	28,303	28,303
Other liabilities		151,090	167,469	167,469
Insurance payables		1,029,656	934,556	934,556
Provision for life agents' retirement benefits		15,406	1,096	1,096
Current tax liabilities		47,272	34,365	34,365
<b>Total liabilities</b>		<b>7,191,769</b>	<b>7,242,402</b>	<b>7,242,402</b>
<b>Total equity, policyholders' funds and liabilities</b>		<b>7,872,005</b>	<b>7,920,527</b>	<b>7,920,527</b>

*The Interim Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2011.*

Company No.

8029	A
------	---

ZURICH INSURANCE MALAYSIA BERHAD  
(formerly known as MALAYSIAN ASSURANCE ALLIANCE BERHAD)  
(Incorporated in Malaysia)

**UNAUDITED INTERIM INCOME STATEMENT  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2012**

	Note	6 months Ended 30.06.2012 RM'000	6 months ended 30.06.2011 RM'000
<b>Operating revenue</b>		<b>777,617</b>	<b>861,929</b>
Gross earned premiums		616,009	705,621
Premiums ceded to reinsurers		(48,653)	(27,946)
<b>Net earned premiums</b>		<b>567,356</b>	<b>677,675</b>
Investment income		161,608	156,308
Realised gains and losses		50,695	24,388
Fair value gains and losses		39,481	66,771
Fee and commission income		9,015	19,016
<b>Other revenue</b>		<b>260,799</b>	<b>266,483</b>
Gross benefits and claims paid		(777,239)	(694,793)
Claims ceded to reinsurers		30,467	52,006
Gross change to contract liabilities		161,902	(493)
Change in contract liabilities ceded to reinsurers		(16,360)	5,920
<b>Net claims</b>		<b>(601,230)</b>	<b>(637,360)</b>
Fee and commission expense		(74,531)	(81,490)
Management expenses		(97,572)	(90,789)
Other operating revenue/(expenses) - net		(10,651)	613
<b>Other expenses</b>		<b>(182,754)</b>	<b>(171,666)</b>
<b>Surplus/profit before taxation</b>		<b>44,171</b>	<b>135,132</b>
Taxation of life insurance fund	16	(22,479)	(21,346)
<b>Surplus after taxation/profit before taxation</b>		<b>21,692</b>	<b>113,786</b>
Surplus retained in life insurance fund		(18,926)	(60,764)
<b>Profit before taxation</b>		<b>2,766</b>	<b>53,022</b>
Taxation	16	(1,966)	(14,018)
<b>Profit for the financial period</b>		<b>800</b>	<b>39,004</b>
<b>Earnings per share (sen)</b>		<b>0.0</b>	<b>26.0</b>

*The Interim Income Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2011.*

Company No.

8029	A
------	---

ZURICH INSURANCE MALAYSIA BERHAD  
(formerly known as MALAYSIAN ASSURANCE ALLIANCE BERHAD)  
(Incorporated in Malaysia)

**UNAUDITED INTERIM STATEMENT OF COMPREHENSIVE INCOME  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2012**

	6 months Ended 30.06.2012 RM'000	6 months ended 30.06.2011 RM'000
<b>Profit for the financial period</b>	<b>800</b>	<b>39,004</b>
<b>Other comprehensive income:</b>		
Available-for-sale fair value reserves:		
Net gain arising during the year	3,553	543
Net realised gain transferred to Income Statement	(1,806)	(4,371)
	<u>1,747</u>	<u>(3,828)</u>
Tax effects thereon	(436)	957
	<u><b>1,311</b></u>	<u><b>(2,871)</b></u>
<b>Total comprehensive income for the financial period</b>	<u><b>2,111</b></u>	<u><b>36,133</b></u>

*The Interim Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2011.*

Company No.

8029	A
------	---

ZURICH INSURANCE MALAYSIA BERHAD  
(formerly known as MALAYSIAN ASSURANCE ALLIANCE BERHAD)  
(Incorporated in Malaysia)

**UNAUDITED INTERIM STATEMENT OF CHANGES IN EQUITY  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2012**

	Issued and fully paid ordinary shares of RM1 each		Non-distributable				
	Number of Shares	Nominal value	Available- for-sale fair value reserves	Asset revaluation reserves	Total reserves	Distributable Retained earnings	Total
	'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b><u>2012</u></b>							
<b>At 1 January 2012</b>							
- as previously reported	579,000	579,000	10,254	442	10,696	88,429	678,125
- changes in accounting policies (Note 19)	-	-	-	(442)	(442)	442	-
- as restated	579,000	579,000	10,254	-	10,254	88,871	678,125
Total comprehensive income for the financial year	-	-	1,311	-	1,311	800	2,111
<b>At 30 June 2012</b>	<b>579,000</b>	<b>579,000</b>	<b>11,565</b>	<b>-</b>	<b>11,565</b>	<b>89,671</b>	<b>680,236</b>
<b><u>2011</u></b>							
<b>At 1 January 2011</b>	150,000	150,000	12,334	-	12,334	102,540	264,874
Total comprehensive (loss)/income for the financial year	-	-	(2,871)	-	(2,871)	39,004	36,133
<b>At 30 June 2011</b>	<b>150,000</b>	<b>150,000</b>	<b>9,463</b>	<b>-</b>	<b>9,463</b>	<b>141,544</b>	<b>301,007</b>

*The Interim Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2011.*

Company No.

8029	A
------	---

ZURICH INSURANCE MALAYSIA BERHAD  
(formerly known as MALAYSIAN ASSURANCE ALLIANCE BERHAD)  
(Incorporated in Malaysia)

**UNAUDITED INTERIM CASH FLOW STATEMENT  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2012**

	6 months ended 30.06.2012 RM'000	6 months ended 30.06.2011 RM'000
<b>Operating Activities</b>		
Cash utilised in from operating activities	(842,410)	(109,667)
Dividend/distribution income received	14,016	15,858
Interest/profit income received	126,803	109,480
Rental income on investment properties received	8,555	8,730
Income tax paid	(17,198)	(15,221)
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(710,234)</b>	<b>9,180</b>
<b>Investing Activities</b>		
Proceeds from disposal of property, plant and equipment	162	6,933
Purchase of property, plant and equipment	(162)	(967)
Purchase of intangible assets	(620)	(775)
<b>Net cash (outflow)/inflow from investing activities</b>	<b>(620)</b>	<b>5,191</b>
Net (decrease)/increase in cash and cash equivalents	(710,854)	14,371
Cash and cash equivalents at beginning of financial year	1,404,373	619,275
<b>Cash and cash equivalents at end of financial period</b>	<b>693,519</b>	<b>633,646</b>
<b>Cash and cash equivalents comprise:</b>		
Call deposits (with maturity of less than three months):		
Licensed financial institutions	312,023	601,645
Cash and bank balances	381,496	32,001
	<b>693,519</b>	<b>633,646</b>

*The Interim Cash Flow Statement should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2011.*

ZURICH INSURANCE MALAYSIA BERHAD  
(formerly known as MALAYSIAN ASSURANCE ALLIANCE BERHAD)  
(Incorporated in Malaysia)

## NOTES TO THE INTERIM FINANCIAL STATEMENTS – 30 JUNE 2012

### 1. BASIS OF PREPARATION

The unaudited interim financial statements have been prepared in accordance with the Guidelines on Financial Reporting for Insurers issued by Bank Negara Malaysia (“BNM”). The unaudited financial statements should be read in conjunction with the audited annual financial statements for the Company for the financial year ended 31 December 2011, which were prepared in accordance with Financial Reporting Standards (“FRS”), as modified by the Guidelines on Financial Reporting For Insurers issued by Bank Negara Malaysia (“BNM”).

The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to gain an understanding of the change in the financial position and performance of the Company since the financial year ended 31 December 2011.

The Company has adopted the Malaysian Financial Reporting Standards (“MFRS”) framework issued by Malaysian Accounting Standards Board (“MASB”) and Revised Guidelines on Financial Reporting for Insurers issued by Bank Negara Malaysia (“BNM”) with effect from 1 January 2012. These interim financial statements are the Company’s first MFRS compliant report and hence MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards has been applied. The transition from FRS framework to MFRS framework and the adoption of the revised guidelines issued by BNM does not have any significant financial impact to the financial statements of the Company, other than as described in Note 2 below.

### 2. SIGNIFICANT ACCOUNTING POLICIES

As all FRSs issued under FRS framework were equivalent to the MFRSs issued under MFRS framework, the accounting policies and presentation adopted by the Company for the interim financial statements are consistent with those adopted in the Company’s audited financial statements for the financial year ended 31 December 2011, except for the adoption of the following:

<b>MFRSs/Interpretations</b>	<b>Effective Date</b>
MFRS 1 “First time adoption of Malaysian Financial Reporting Standards”	1 January 2012
MFRS 7 “Financial instruments: Disclosures”	1 January 2012
MFRS 112 “Income taxes”	1 January 2012
MFRS 124 “Related party disclosures”	1 January 2012

The adoption of the revised standards, amendments and interpretations issued by Malaysian Accounting Standards Board (“MASB”) and revised guidelines issued by BNM which are effective in the current year do not have any material impact to the financial statements of the Company, other than as discussed below:-

#### (i) Previously revaluation as deemed cost for Property, Plant and Equipment (“PPE”)

Prior to 1 January 2012, the Company applied the revaluation model for its land and buildings. With the adoption of MFRS 1, the Company elected to apply the exemption allowed under MFRS 1 to re-measure its land and buildings using the cost model, using the fair value of the assets as its deemed cost as at the date at the date of transition.

As a result, at the date of transition, the cumulative asset revaluation reserves were adjusted to retained earnings except for the life insurance business, where the asset revaluation reserves were adjusted to unallocated surplus/(deficit); of which both are components of insurance contract liabilities.

The impact of adopting this accounting policy to the Company is disclosed in Note 19 to the interim financial statements.



Company No.

8029	A
------	---

ZURICH INSURANCE MALAYSIA BERHAD  
(formerly known as MALAYSIAN ASSURANCE ALLIANCE BERHAD)  
(Incorporated in Malaysia)

## NOTES TO THE INTERIM FINANCIAL STATEMENTS – 30 JUNE 2012 (CONTINUED)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (ii) Designation of previously recognised financial instruments

Prior to 1 January 2012, the Company classifies its financial assets into the following categories: financial assets measured at fair value through profit or loss, loans and other receivables and available-for-sale financial assets.

With the adoption of MFRS 1, the Company elected to re-designate certain portfolio of financial instruments previously classified as 'fair value through profit or loss' to 'available for sale'.

The impact of adopting this accounting policy to the Company is disclosed in Note 19 to the interim financial statements.

#### (ii) Unallocated surplus and available for sale ("AFS") reserves on non-participating funds

Prior to 1 January 2012, the Company recognised unallocated surplus and AFS reserves of non-participating funds as part of actuarial insurance contract liabilities as required under Guideline BNM\_GL\_003-28 Guidelines on Financial Reporting for Insurers issued by Bank Negara Malaysia ("BNM") on 22 July 2010.

On 21 February 2012, BNM issued a revised Guideline BNM\_GL\_003-28, which is effective for financial period commencing 1 January 2012. Under this new guideline, there is no requirement/specification to classify the unallocated surplus and AFS reserves of non-participating funds as part of insurance contract liabilities. As at 30 June 2012, to further strengthen the life policyholder's fund, the Company had continued to recognise the unallocated surplus and AFS reserves of non-participating funds as part of insurance contract liabilities instead of equity.

As at the date of authorisation of these interim financial statements, the Company is still assessing the financial impact to the financial statements of the Company from the revised MFRSs, amendments to MFRSs and IC Interpretations issued by MASB but not yet effective in the current year.

### 3. PRECEDING YEAR'S AUDIT REPORT

The preceding financial year's annual financial statements were not qualified.

### 4. SEASONAL OR CYCLICAL FACTORS

The Company's business operations are not significantly affected by any seasonal or cyclical factors.

### 5. EXTRAORDINARY ITEMS

There were no extraordinary items for the current financial period under review.

Company No.

8029	A
------	---

ZURICH INSURANCE MALAYSIA BERHAD  
(formerly known as MALAYSIAN ASSURANCE ALLIANCE BERHAD)  
(Incorporated in Malaysia)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS – 30 JUNE 2012 (CONTINUED)**

**6. CHANGE IN ACCOUNTING ESTIMATES**

There was no material changes in basis used for accounting estimates for the current financial period under review.

**7. DEBT AND EQUITY SECURITIES**

There was no issuance or repayment of debt and equities for the current financial period under review.

**8. DIVIDEND PAYMENT**

There was no dividend payment by the Company during the current financial period under review.

**9. CARRYING AMOUNT OF REVALUED ASSETS**

Investment properties of the Company have been carried at revalued amount at the financial year ended 31 December 2011. These revalued amounts have been carried forward to the current financial period.

**10. MATERIAL SUBSEQUENT EVENTS**

There were no material subsequent events from the end of the current financial period under review to the date do this interim report.

**11. CHANGES IN COMPOSITION OF THE COMPANY**

There were no changes in composition of the Company during the current financial period under review.

**12. CONTINGENT LIABILITIES**

There were no contingent liabilities as at the date of this report since the last annual balance sheet date.

Company No.

8029	A
------	---

ZURICH INSURANCE MALAYSIA BERHAD  
(formerly known as MALAYSIAN ASSURANCE ALLIANCE BERHAD)  
(Incorporated in Malaysia)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS – 30 JUNE 2012 (CONTINUED)**

**13. INVESTMENTS**

	As at 30.06.2012 RM'000	As at 31.12.2011 RM'000
Malaysian Government Securities/Government Investment Issues	887,706	390,528
Corporate debt securities	3,973,089	3,542,563
Equity securities	612,633	774,298
Unit trusts	137,003	137,208
Loans	546,239	592,947
Fixed and call deposits	23,746	24,482
	<b>6,180,416</b>	<b>5,462,026</b>

The Company's financial investments are summarised by measurement category as follows:

Available-for-sale financial assets	4,856,295	3,733,153
Financial assets at fair value through profit or loss	754,136	1,111,444
Loans and receivables	569,985	617,429
	<b>6,180,416</b>	<b>5,462,026</b>

The following investments mature after 12 months:

Available-for-sale financial assets	4,445,279	3,561,179
Financial assets at fair value through profit or loss	190,305	177,962
Loans and receivables	12,607	19,881
	<b>4,648,191</b>	<b>3,759,022</b>

**14. REINSURANCE ASSETS**

	As at 30.06.2012 RM'000	As at 31.12.2011 RM'000
Reinsurers' share of insurance contract liabilities	184,358	213,845

Company No.

8029	A
------	---

ZURICH INSURANCE MALAYSIA BERHAD  
(formerly known as MALAYSIAN ASSURANCE ALLIANCE BERHAD)  
(Incorporated in Malaysia)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS – 30 JUNE 2012 (CONTINUED)**

**15. INSURANCE CONTRACT LIABILITIES**

	30.06.2012			1.1.2012 and 31.12.2011		
Note	Gross RM'000	Re- insurance RM'000	Net RM'000	Gross RM'000	Re- insurance RM'000	Net RM'000
Life insurance	5,129,220	(26,716)	5,102,504	5,276,191	(31,726)	5,244,465
General insurance	787,286	(157,642)	629,644	800,422	(182,119)	618,303
	<u>5,916,506</u>	<u>(184,358)</u>	<u>5,732,148</u>	<u>6,076,613</u>	<u>(213,845)</u>	<u>5,862,768</u>

**(a) Life Insurance**

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

	As at 30.06.2012			As at 1.1.2012		
	Gross RM'000	Re- insurance RM'000	Net RM'000	Gross RM'000	Re- insurance RM'000	Net RM'000
Actuarial liabilities:						
Liability for future policyholders' benefits	4,123,517	(21,464)	4,102,053	4,275,736	(23,088)	4,252,648
Net asset value attributable to unitholders	715,258	-	715,258	725,596	-	725,596
	<u>4,838,775</u>	<u>(21,464)</u>	<u>4,817,311</u>	<u>5,001,332</u>	<u>(23,088)</u>	<u>4,978,244</u>
Claim liabilities	47,433	(5,252)	42,181	26,229	(8,638)	17,591
	<u>4,886,208</u>	<u>(26,716)</u>	<u>4,859,492</u>	<u>5,027,561</u>	<u>(31,726)</u>	<u>4,995,835</u>
Unallocated surplus	51,835	-	51,835	32,909	-	32,909
Available-for-sale reserves	191,177	-	191,177	215,721	-	215,721
	<u>5,129,220</u>	<u>(26,716)</u>	<u>5,102,504</u>	<u>5,276,191</u>	<u>(31,726)</u>	<u>5,244,465</u>

Company No.

8029	A
------	---

ZURICH INSURANCE MALAYSIA BERHAD  
(formerly known as MALAYSIAN ASSURANCE ALLIANCE BERHAD)  
(Incorporated in Malaysia)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS – 30 JUNE 2012 (CONTINUED)**

**15. INSURANCE CONTRACT LIABILITIES (CONTINUED)**

**(a) Life Insurance** (continued)

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

	As at 31.12.2011		
	Gross	Re-	Net
	RM'000	insurance	RM'000
		RM'000	RM'000
Actuarial liabilities:			
Liability for future policyholders' benefits	4,275,736	(23,088)	4,252,648
Net asset value attributable to unitholders	725,596	-	725,596
	5,001,332	(23,088)	4,978,244
Claim liabilities	26,229	(8,638)	17,591
	5,027,561	(31,726)	4,995,835
Unallocated surplus	30,982	-	30,982
Available-for-sale reserves	215,721	-	215,721
Asset revaluation reserves	1,927	-	1,927
	5,276,191	(31,726)	5,244,465

ZURICH INSURANCE MALAYSIA BERHAD  
(formerly known as MALAYSIAN ASSURANCE ALLIANCE BERHAD)  
(Incorporated in Malaysia)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS – 30 JUNE 2012 (CONTINUED)**

**15. INSURANCE CONTRACT LIABILITIES (CONTINUED)**

**(a) Life Insurance (continued)**

	Gross			Reinsurance			
	With DPF	Without DPF	Total	With DPF	Without DPF	Total	Net
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b><u>Actuarial liabilities</u></b>							
<b>At 1 January 2011</b>	3,615,828	1,625,624	5,241,452	(3,022)	(15,174)	(18,196)	5,223,256
Benefit and claims experience variation	(128,659)	(83,402)	(212,061)	(1,391)	(3,501)	(4,892)	(216,953)
Change due to valuation basis:							
Model enhancement	(358)	9,948	9,590	-	-	-	9,590
Yield movement	-	24,652	24,652	-	-	-	24,652
Assumption changes	(53,945)	13,223	(40,722)	-	-	-	(40,722)
Net asset value attributable to unitholders	-	(21,579)	(21,579)	-	-	-	(21,579)
<b>At 31 December 2011</b>	3,432,866	1,568,466	5,001,332	(4,413)	(18,675)	(23,088)	4,978,244
Benefit and claims experience variation	(144,981)	(33,427)	(178,408)	392	1,232	1,624	(176,784)
Change due yield movement	4,940	21,249	26,189	-	-	-	26,189
Net asset value attributable to unitholders	-	(10,338)	(10,338)	-	-	-	(10,338)
<b>At 30 June 2012</b>	3,292,825	1,545,950	4,838,775	(4,021)	(17,443)	(21,464)	4,817,311
<b><u>Claims liabilities</u></b>							
<b>At 1 January 2011</b>	21,088	24,473	45,561	(4,869)	(5,855)	(10,724)	34,837
Movement in claim provisions	(16,619)	(2,713)	(19,332)	646	1,440	2,086	(17,246)
<b>At 31 December 2011</b>	4,469	21,760	26,229	(4,223)	(4,415)	(8,638)	17,591
Movement in claim provisions	23,043	(1,839)	21,204	2,089	1,297	3,386	24,590
<b>At June 2012</b>	27,512	19,921	47,433	(2,134)	(3,118)	(5,252)	42,181

ZURICH INSURANCE MALAYSIA BERHAD  
(formerly known as MALAYSIAN ASSURANCE ALLIANCE BERHAD)  
(Incorporated in Malaysia)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS – 30 JUNE 2012 (CONTINUED)**

**15. INSURANCE CONTRACT LIABILITIES (CONTINUED)**

**(a) Life Insurance (continued)**

	As at 30.06.2012			As at 31.12.2011		
	With DPF	Without DPF	Total	With DPF	Without DPF	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b><u>Unallocated surplus/(deficit)</u></b>						
At 1 January						
- as previously reported	(171,462)	202,444	30,982	(367,623)	354,132	(13,491)
- change in accounting policies	1,618	309	1,927	-	-	-
- as restated	(169,844)	202,753	32,909	(367,623)	354,132	(13,491)
Premium received	108,528	262,121	370,649	248,912	672,887	921,799
Payments due to death, surrenders, benefits and claims	(356,424)	(284,057)	(640,481)	(560,290)	(691,603)	(1,251,893)
Net investment income	141,696	85,617	227,313	145,556	106,742	252,298
Management expenses and commissions	(23,020)	(70,633)	(93,653)	(6,792)	(131,163)	(137,955)
Change in life assurance fund actuarial liabilities	139,648	21,285	160,933	184,353	60,660	245,013
Change in claims liabilities	(25,131)	541	(24,590)	15,974	1,272	17,246
Tax expense	(7,612)	(14,867)	(22,479)	13,161	(16,681)	(3,520)
Transfer from shareholders Fund	41,234	-	41,234	154,225	-	154,225
Net surplus/(deficit) for the financial period	18,919	7	18,926	195,099	2,114	197,213
Surplus transfer to shareholders fund	-	-	-	-	(154,225)	(154,225)
- Transfer of revaluation surplus on disposal of property, net of tax	-	-	-	1,062	423	1,485
<b>At 30 June/31 December</b>	<b>(150,925)</b>	<b>202,760</b>	<b>51,835</b>	<b>(171,462)</b>	<b>202,444</b>	<b>30,982</b>

Company No.

8029	A
------	---

ZURICH INSURANCE MALAYSIA BERHAD  
(formerly known as MALAYSIAN ASSURANCE ALLIANCE BERHAD)  
(Incorporated in Malaysia)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS – 30 JUNE 2012 (CONTINUED)**

**15. INSURANCE CONTRACT LIABILITIES (CONTINUED)**

**(a) Life Insurance (continued)**

	As at 30.06.2012			As at 31.12.2011		
	With DPF	Without DPF	Total	With DPF	Without DPF	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b><u>Available-for-sale reserves</u></b>						
<b>At 1 January</b>	169,843	45,878	215,721	142,817	40,530	183,347
Net gain arising during the financial period	12,281	7,767	20,048	37,219	13,561	50,780
Net realised gain transferred to income statement	(30,478)	(15,401)	(45,879)	(10,800)	(7,729)	(18,529)
	(18,197)	(7,634)	(25,831)	26,419	5,832	32,251
Deferred tax effects	677	610	1,287	607	(484)	123
	(17,520)	(7,024)	(24,544)	27,026	5,348	32,374
<b>At 30 June/31 December</b>	<b>152,323</b>	<b>38,854</b>	<b>191,177</b>	<b>169,843</b>	<b>45,878</b>	<b>215,721</b>
<b><u>Asset valuation reserves</u></b>						
<b>At 1 January</b>						
- as previously reported	1,618	309	1,927	1,169	423	1,592
- change in accounting policies (Note 19)	(1,618)	(309)	(1,927)	-	-	-
- as restated	-	-	-	1,169	423	1,592
Reversal of revaluation surplus on disposal of property	-	-	-	449	(114)	335
<b>At 30 June/31 December</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,618</b>	<b>309</b>	<b>1,927</b>



ZURICH INSURANCE MALAYSIA BERHAD  
(formerly known as MALAYSIAN ASSURANCE ALLIANCE BERHAD)  
(Incorporated in Malaysia)

## NOTES TO THE INTERIM FINANCIAL STATEMENTS – 30 JUNE 2012 (CONTINUED)

### 15. INSURANCE CONTRACT LIABILITIES (CONTINUED)

#### (b) General Insurance

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

	As at 30.06.2012			As at 31.12.2011		
	Gross	Re-	Net	Gross	Re-	Net
	RM'000	insurance	RM'000	RM'000	insurance	RM'000
Provision for claims	329,613	(87,975)	241,638	351,938	(99,190)	252,748
Provision for incurred but not reported claims ("IBNR")	222,761	(21,803)	200,958	220,985	(21,938)	199,047
Claim liabilities	552,374	(109,778)	442,596	572,923	(121,128)	451,795
Premium liabilities	234,912	(47,864)	187,048	227,499	(60,991)	166,508
	<u>787,286</u>	<u>(157,642)</u>	<u>629,644</u>	<u>800,422</u>	<u>(182,119)</u>	<u>618,303</u>

#### Claims liabilities

<b>At 1 January</b>	572,923	(121,128)	451,795	515,873	(154,517)	361,356
Claims incurred in the current accident year	98,621	(14,668)	83,953	83,189	(7,158)	76,031
Other movements in claims incurred in prior accident years	8,489	2,739	11,228	216,213	(66,361)	149,852
Claims paid during the financial period	(129,435)	23,144	(106,291)	(290,352)	97,658	(192,694)
Movement in IBNR reserves	1,776	135	1,911	48,000	9,250	57,250
<b>At 30 June/31 December</b>	<u>552,374</u>	<u>(109,778)</u>	<u>442,596</u>	<u>572,923</u>	<u>(121,128)</u>	<u>451,795</u>

#### Premium Liabilities

<b>At 1 January</b>	227,499	(60,991)	166,508	211,429	(38,906)	172,523
Premium written in the financial period	241,654	(24,407)	217,247	492,951	(81,441)	411,510
Premium earned during the financial period	(234,241)	37,534	(196,707)	(476,881)	59,356	(417,525)
<b>At 30 June/31 December</b>	<u>234,912</u>	<u>(47,864)</u>	<u>187,048</u>	<u>227,499</u>	<u>(60,991)</u>	<u>166,508</u>

Company No.

8029	A
------	---

ZURICH INSURANCE MALAYSIA BERHAD  
(formerly known as MALAYSIAN ASSURANCE ALLIANCE BERHAD)  
(Incorporated in Malaysia)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS – 30 JUNE 2012 (CONTINUED)**

**16. TAXATION**

	6 months ended 30.06.2012		6 months ended 30.06.2011	
	Life fund	General and shareholders' funds	Life fund	General and shareholders' funds
	RM'000	RM'000	RM'000	RM'000
Current tax	18,833	1,376	11,603	14,788
Deferred tax	3,646	590	9,743	(770)
<b>Tax expense</b>	<b>22,479</b>	<b>1,966</b>	<b>21,346</b>	<b>14,018</b>
<b>Current tax</b>				
Current financial year	18,833	1,376	11,603	14,788
<b>Deferred tax</b>				
Origination and reversal of temporary differences	3,646	590	9,743	(770)
<b>Tax expense</b>	<b>22,479</b>	<b>1,966</b>	<b>21,346</b>	<b>14,018</b>

Company No.

8029	A
------	---

ZURICH INSURANCE MALAYSIA BERHAD  
(formerly known as MALAYSIAN ASSURANCE ALLIANCE BERHAD)  
(Incorporated in Malaysia)

## NOTES TO THE INTERIM FINANCIAL STATEMENTS – 30 JUNE 2012 (CONTINUED)

### 17. TOTAL CAPITAL AVAILABLE

The regulated capital of the Company as at 30 June 2012 comprised Available Capital of RM2,009 million (31 December 2011: RM 2,075 million).

The capital structure of the Company as at 30 June 2012, as prescribed under the RBC Framework, is shown below:

	As at 30.06.2012 RM'000	As at 31.12.2011 RM'000
<b>Tier 1 Capital</b>		
Paid-up share capital	579,000	579,000
Reserves, including retained earnings	1,290,177	1,329,897
	<u>1,869,177</u>	<u>1,908,897</u>
<b>Tier 2 Capital</b>		
Revaluation reserves	-	1,250
Available-for-sale reserves	178,471	192,409
	<u>178,471</u>	<u>193,659</u>
Less:		
Deferred tax assets	(28,397)	(27,227)
<b>Total Capital Available</b>	<u>2,019,251</u>	<u>2,075,329</u>

### 18. CAPITAL AND OTHER COMMITMENTS

Capital expenditure not provided for in the financial statements is as follows:

	As at 30.06.2012 RM'000	As at 31.12.2011 RM'000
Authorised and contracted for:		
- investment properties	<u>13,134</u>	<u>13,134</u>

Company No.

8029	A
------	---

ZURICH INSURANCE MALAYSIA BERHAD  
(formerly known as MALAYSIAN ASSURANCE ALLIANCE BERHAD)  
(Incorporated in Malaysia)

## NOTES TO THE INTERIM FINANCIAL STATEMENTS – 30 JUNE 2012 (CONTINUED)

### 19. CHANGE IN ACCOUNTING POLICIES (continued)

#### Effects of changes in accounting policies on the Company's statement of financial positions at 1 January 2012

	As previously reported RM'000	Effects of MFRS 1 adoption RM'000	1.1.2012 Restated balance RM'000
<b>Statement of financial position</b>			
<b>Asset:</b>			
Investments			
Available-for-sale financial assets	3,733,153	213,851	3,947,004
Fair value through profit or loss	1,111,444	(213,851)	897,593
<b>Equity:</b>			
Retained earnings	88,429	442	88,871
Other reserves	10,696	(442)	10,254
- Available-for-sale reserves	10,254	-	10,254
- Asset valuation reserves	442	(442)	-
<b>Liabilities:</b>			
Insurance contract liabilities	6,076,613	-	6,076,613
- Life insurance	5,276,191	-	5,276,191
- Actuarial liabilities:			
- Liabilities for future policyholders' benefits	4,275,736	-	4,275,736
- Net asset value attributable to unitholders	725,596	-	725,596
	5,001,332	-	5,001,332
- Claim liabilities	26,229	-	26,229
- Unallocated surplus/(deficit)	30,982	1,927	32,909
- Available-for-sale reserves	215,721	-	215,721
- Asset valuation reserves	1,927	(1,927)	-

\* Balances as at 1 January 2012 prior to adjusting for the effects of MFRS 1 after taking into account adjustments arising from the adoption of the MFRS 1 effective from 1 January 2012.

### 20. INSURANCE FUNDS

The Company's operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products for different markets. The operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Company has three (3) operating segments and the following summary described the operations in each of the Company's operating segments:

- Life insurance – underwriting life insurance business, including investment-linked and annuity business
- General insurance – underwriting of all classes of general insurance business
- Shareholders' fund of the insurance business

Company No.

8029	A
------	---

ZURICH INSURANCE MALAYSIA BERHAD  
(formerly known as MALAYSIAN ASSURANCE ALLIANCE BERHAD)  
(Incorporated in Malaysia)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS – 30 JUNE 2012 (CONTINUED)**

**20. INSURANCE FUNDS (continued)**

**Unaudited Interim Statement of Financial Position by Funds  
As at 30 June 2012**

	Life Fund RM'000	General Fund RM'000	Shareholders' Fund RM'000	Total RM'000
<b>Assets</b>				
Property, plant and equipment	192,199	563	63,044	255,806
Intangible assets	1,863	1,131	-	2,994
Investment properties	318,599	11,020	32,402	362,021
Investments	5,175,299	643,078	362,039	6,180,416
Available-for-sale financial assets	3,869,469	638,079	348,747	4,856,295
Financial assets at fair value through profit or loss	754,136	-	-	754,136
Loans and receivables	551,694	4,999	13,292	569,985
Reinsurance assets	26,716	157,642	-	184,358
Insurance receivables	36,231	37,174	-	73,405
Other receivables	15,735	19,394	297	35,426
Tax recoverable	37,907	2,800	20,506	61,213
Deferred tax assets	-	-	22,847	22,847
Cash and cash equivalents	515,368	63,653	114,498	693,519
<b>Total assets</b>	<b>6,319,917</b>	<b>936,455</b>	<b>615,633</b>	<b>7,872,005</b>
<b>Equity, policyholders' funds and liabilities</b>				
Share capital	-	-	579,000	579,000
Retained earnings	-	25,698	63,973	89,671
Other reserves	-	10,180	1,385	11,565
<b>Total equity</b>	<b>-</b>	<b>35,878</b>	<b>644,358</b>	<b>680,236</b>
Insurance contract liabilities	5,129,220	787,286	-	5,916,506
Deferred tax liabilities	25,054	6,785	-	31,839
Other liabilities	86,161	64,331	598	151,090
Insurance payables	1,002,556	27,100	-	1,029,656
Provision for life agents' retirement benefits	15,406	-	-	15,406
Current tax liabilities	20,769	13,409	13,094	47,272
<b>Total liabilities</b>	<b>6,279,166</b>	<b>898,911</b>	<b>13,692</b>	<b>7,191,769</b>
<b>Total equity, policyholders' funds and liabilities</b>	<b>6,279,166</b>	<b>934,789</b>	<b>658,050</b>	<b>7,872,005</b>
<b>Inter-fund balances</b>	<b>40,751</b>	<b>1,666</b>	<b>(42,417)</b>	<b>-</b>

Company No.

8029	A
------	---

ZURICH INSURANCE MALAYSIA BERHAD  
(formerly known as MALAYSIAN ASSURANCE ALLIANCE BERHAD)  
(Incorporated in Malaysia)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS – 30 JUNE 2012 (CONTINUED)**

**20. INSURANCE FUNDS (continued)**

**Statement of Financial Position by Funds  
As at 31 December 2011 (Audited)**

	Life Fund RM'000	General Fund RM'000	Shareholders' Fund RM'000	Total RM'000
<b>Assets</b>				
Property, plant and equipment	195,113	741	63,683	259,537
Intangible assets	2,160	863	-	3,023
Investment properties	319,686	11,020	32,402	363,108
Investments	4,731,490	559,028	171,508	5,462,026
Available-for-sale financial assets	3,164,003	411,756	157,394	3,733,153
Financial assets at fair value through profit or loss	969,238	142,206	-	1,111,444
Loans and receivables	598,249	5,066	14,114	617,429
Reinsurance assets	31,726	182,119	-	213,845
Insurance receivables	35,806	43,901	-	79,707
Other receivables	36,160	24,335	358	60,853
Tax recoverable	36,942	2,800	11,611	51,353
Deferred tax assets	-	-	22,702	22,702
Cash and cash equivalents	1,145,735	144,688	113,950	1,404,373
<b>Total assets</b>	<b>6,534,818</b>	<b>969,495</b>	<b>416,214</b>	<b>7,920,527</b>
<b>Equity, policyholders' funds and liabilities</b>				
Share capital	-	-	579,000	579,000
Retained earnings	-	-	88,429	88,429
Other reserves	-	9,250	1,446	10,696
<b>Total equity</b>	<b>-</b>	<b>9,250</b>	<b>668,875</b>	<b>678,125</b>
Insurance contract liabilities	5,276,191	800,422	-	6,076,613
Deferred tax liabilities	22,689	5,614	-	28,303
Other liabilities	102,555	64,219	695	167,469
Insurance payables	883,003	51,553	-	934,556
Provision for life agents' retirement benefits	1,096	-	-	1,096
Current tax liabilities	11,299	10,123	12,943	34,365
<b>Total liabilities</b>	<b>6,296,833</b>	<b>931,931</b>	<b>13,638</b>	<b>7,242,402</b>
<b>Total equity, policyholders' funds and liabilities</b>	<b>6,296,833</b>	<b>941,181</b>	<b>682,513</b>	<b>7,920,527</b>
<b>Inter-fund balances</b>	<b>237,985</b>	<b>28,314</b>	<b>(266,299)</b>	<b>-</b>

ZURICH INSURANCE MALAYSIA BERHAD  
(formerly known as MALAYSIAN ASSURANCE ALLIANCE BERHAD)  
(Incorporated in Malaysia)

## NOTES TO THE INTERIM FINANCIAL STATEMENTS – 30 JUNE 2012 (CONTINUED)

### 20. INSURANCE FUNDS (continued)

#### Unaudited Interim Income Statement by Funds For the six months period ended 30 June 2012

	Life Fund RM'000	General Fund RM'000	Shareholders' Fund RM'000	Total RM'000
<b>Operating revenue</b>	<b>521,871</b>	<b>246,522</b>	<b>9,224</b>	<b>777,617</b>
Gross earned premiums	381,768	234,241	-	616,009
Premiums ceded to reinsurers	(11,119)	(37,534)	-	(48,653)
<b>Net earned premiums</b>	<b>370,649</b>	<b>196,707</b>	<b>-</b>	<b>567,356</b>
Investment income	140,103	12,281	9,224	161,608
Realised gains and losses	48,162	2,448	85	50,695
Fair value gains and losses	39,048	433	-	39,481
Fee and commission income	5,602	3,413	-	9,015
<b>Other revenue</b>	<b>232,915</b>	<b>18,575</b>	<b>9,309</b>	<b>260,799</b>
Gross benefits and claims paid	(647,804)	(129,435)	-	(777,239)
Claims ceded to reinsurers	7,323	23,144	-	30,467
Gross change to contract liabilities	141,353	20,549	-	161,902
Change in contract liabilities ceded to reinsurers	(5,010)	(11,350)	-	(16,360)
<b>Net claims</b>	<b>(504,138)</b>	<b>(97,092)</b>	<b>-</b>	<b>(601,230)</b>
Fee and commission expense	(43,958)	(30,573)	-	(74,531)
Management expenses	(48,284)	(48,448)	(840)	(97,572)
Other operating expenses - net	(7,013)	(3,631)	(7)	(10,651)
<b>Other expenses</b>	<b>(99,255)</b>	<b>(82,652)</b>	<b>(847)</b>	<b>(182,754)</b>
<b>Surplus/profit before taxation</b>	<b>171</b>	<b>35,538</b>	<b>8,462</b>	<b>44,171</b>
Taxation of life insurance fund	(22,479)	-	-	(22,479)
<b>Deficit after taxation/profit before taxation</b>	<b>(22,308)</b>	<b>35,538</b>	<b>8,462</b>	<b>21,692</b>
Transfer from/(to) revenue account	41,234	-	(41,234)	-
Surplus retained in life insurance fund	(18,926)	-	-	(18,926)
<b>Profit/(Loss) before taxation</b>	<b>-</b>	<b>35,538</b>	<b>(32,772)</b>	<b>2,766</b>
Taxation	-	(9,840)	7,874	(1,966)
<b>Profit/(Loss) for the financial period</b>	<b>-</b>	<b>25,698</b>	<b>(24,898)</b>	<b>800</b>

Company No.

8029	A
------	---

ZURICH INSURANCE MALAYSIA BERHAD  
(formerly known as MALAYSIAN ASSURANCE ALLIANCE BERHAD)  
(Incorporated in Malaysia)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS – 30 JUNE 2012 (CONTINUED)**

**20. INSURANCE FUNDS (continued)**

**Unaudited Interim Income Statement by Funds  
For the six months period ended 30 June 2011**

	Life Fund RM'000	General Fund RM'000	Shareholders' Fund RM'000	Total RM'000
<b>Operating revenue</b>	<b>623,264</b>	<b>234,049</b>	<b>4,616</b>	<b>861,929</b>
Gross earned premiums	484,065	221,556	-	705,621
Premiums ceded to reinsurers	(12,894)	(15,052)	-	(27,946)
<b>Net earned premiums</b>	<b>471,171</b>	<b>206,504</b>	<b>-</b>	<b>677,675</b>
Investment income	139,199	12,493	4,616	156,308
Realised gains and losses	19,611	4,699	78	24,388
Fair value gains and losses	61,795	4,990	(14)	66,771
Fee and commission income	8,379	10,637	-	19,016
<b>Other revenue</b>	<b>228,984</b>	<b>32,819</b>	<b>4,680</b>	<b>266,483</b>
Gross benefits and claims paid	(543,187)	(151,606)	-	(694,793)
Claims ceded to reinsurers	7,403	44,603	-	52,006
Gross change to contract liabilities	9,530	(10,023)	-	(493)
Change in contract liabilities ceded to reinsurers	2,510	3,410	-	5,920
<b>Net claims</b>	<b>(523,744)</b>	<b>(113,616)</b>	<b>-</b>	<b>(637,360)</b>
Fee and commission expense	(45,389)	(36,101)	-	(81,490)
Management expenses	(47,645)	(41,156)	(1,988)	(90,789)
Other operating (expenses)/revenue - net	(1,267)	2,253	(373)	613
<b>Other expenses</b>	<b>(94,301)</b>	<b>(75,004)</b>	<b>(2,361)</b>	<b>(171,666)</b>
<b>Surplus/profit before taxation</b>	<b>82,110</b>	<b>50,703</b>	<b>2,319</b>	<b>135,132</b>
Taxation of life insurance fund	(21,346)	-	-	(21,346)
<b>Surplus after taxation/profit before taxation</b>	<b>60,764</b>	<b>50,703</b>	<b>2,319</b>	<b>113,786</b>
Surplus retained in life insurance fund	(60,764)	-	-	(60,764)
<b>Profit before taxation</b>	<b>-</b>	<b>50,703</b>	<b>2,319</b>	<b>53,022</b>
Taxation	-	(13,093)	(925)	(14,018)
<b>Profit for the financial period</b>	<b>-</b>	<b>37,610</b>	<b>1,394</b>	<b>39,004</b>



Company No.

8029	A
------	---

ZURICH INSURANCE MALAYSIA BERHAD  
(formerly known as MALAYSIAN ASSURANCE ALLIANCE BERHAD)  
(Incorporated in Malaysia)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS – 30 JUNE 2012 (CONTINUED)**

**20. INSURANCE FUNDS (continued)**

**Investment-linked Fund**

**Unaudited Interim Statement of Financial Position**

	As at 30.06.2012 RM'000	As at 31.12.2011 RM'000
<b>Assets</b>		
Investments	595,270	620,078
Financial assets at fair value through profit or loss	589,803	613,794
Loans and receivables	5,467	6,284
Other receivables	842	1,241
Tax recoverable	726	1,506
Cash and bank balances	134,953	107,433
<b>Total assets</b>	<b>731,791</b>	<b>730,258</b>
<b>Liabilities</b>		
Insurance contract liabilities	715,258	725,596
Deferred tax liabilities	4,755	5,410
Other liabilities	3,707	3,779
Current tax liabilities	5,319	3,062
<b>Total liabilities</b>	<b>729,039</b>	<b>737,847</b>
Inter-fund balances	2,752	(7,589)
<b>Net asset value of funds</b>	<b>731,791</b>	<b>730,258</b>

**Unaudited Interim Investment-linked Fund Income Statement  
For the six months period ended 30 June 2012**

	6 months ended 30.06.2012 RM'000	6 months ended 30.06.2011 RM'000
Investment income	15,140	14,349
Realised gains and losses	960	2,974
Fair value gains and losses	23,442	30,757
	39,542	48,080
Fees and commission expenses	(5,421)	(5,511)
Management expenses	(16)	(16)
Other operating (expenses)/revenue – net	(89)	648
<b>Surplus before taxation</b>	<b>34,016</b>	<b>43,201</b>
Taxation	(3,152)	(3,799)
<b>Surplus after taxation for the financial period</b>	<b>30,864</b>	<b>39,402</b>