

**Unaudited Interim
Financial Statements
For The Half-Year Ended
30 June 2014**



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Zurich Insurance Malaysia Berhad (8029-A)

(Incorporated in Malaysia)

UNAUDITED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014

	Note	As at 30.06.2014 RM'000	As at 31.12.2013 RM'000
Assets			
Property, plant and equipment		20,246	22,960
Intangible assets		11,840	11,920
Investment properties		364,945	372,345
Investments	13	6,956,259	6,727,257
Available-for-sale financial assets		5,270,980	5,040,515
Financial assets at fair value through profit or loss		1,259,549	1,210,884
Loans and receivables		425,730	475,858
Reinsurance assets	14	145,028	142,004
Insurance receivables		88,264	100,125
Other receivables		78,033	73,474
Tax recoverable		33,738	24,101
Non-current assets held-for-sale		168,374	285,974
Deferred tax assets		14,629	15,214
Cash and cash equivalents		384,526	390,465
Total assets		8,265,882	8,165,839
Equity, policyholders' funds and liabilities			
Share capital		579,000	579,000
Retained earnings		564,730	538,454
Other reserves		22,688	28,150
Total equity		1,166,418	1,145,604
Insurance contract liabilities	15	5,361,803	5,463,076
Deferred tax liabilities		107,254	104,432
Other liabilities		157,613	168,807
Insurance payables		1,424,412	1,251,283
Provision for life agents' retirement benefits		715	967
Current tax liabilities		47,667	31,670
Total liabilities		7,099,464	7,020,235
Total equity, policyholders' funds and liabilities		8,265,882	8,165,839

The accompanying notes form an integrated part of these interim financial statements.

**UNAUDITED INTERIM STATEMENT OF INCOME
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2014**

	Note	6 months ended 30.06.2014 RM'000	6 months ended 30.06.2013 RM'000
Gross earned premiums		648,446	596,267
Premiums ceded to reinsurers		(55,162)	(48,570)
Net earned premiums		593,284	547,697
Investment income		157,388	163,902
Realised gains and losses		8,939	6,797
Fair value gains and losses		9,934	76,778
Fee and commission income		7,012	9,875
Other revenue		183,273	257,352
Total revenue		776,557	805,049
Gross benefits and claims paid		(651,596)	(664,320)
Claims ceded to reinsurers		14,135	19,384
Gross change to contract liabilities		120,687	123,208
Change in contract liabilities ceded to reinsurers		(5,155)	(10,015)
Net claims		(521,929)	(531,743)
Fee and commission expense		(88,083)	(75,316)
Management expenses		(111,679)	(104,555)
Other operating revenue - net		204	3,601
Other expenses		(199,558)	(176,270)
Profit before taxation		55,070	97,036
Taxation	16	(28,794)	(21,066)
Profit for the financial period		26,276	75,970
Basic/diluted earnings per share (sen)		4.6	13.1

The accompanying notes form an integrated part of these interim financial statements.

Zurich Insurance Malaysia Berhad (8029-A)

(Incorporated in Malaysia)

**UNAUDITED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2014**

	6 months ended 30.06.2014	6 months ended 30.06.2013
	RM'000	RM'000
Profit for the financial period	26,276	75,970
Item that may be subsequently reclassified to profit or loss		
Fair value change on available-for-sale financial assets, net of deferred tax:		
- Gross fair value change	(17,568)	(19,104)
- Deferred tax	1,475	1,903
Net losses	(16,093)	(17,201)
Change in insurance contract liabilities arising from unrealised net fair value losses	10,631	13,673
	(5,462)	(3,528)
Other comprehensive loss for the financial period, net of tax	(5,462)	(3,528)
Total comprehensive income for the financial period	20,814	72,442

The accompanying notes form an integrated part of these interim financial statements.

**UNAUDITED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2014**

	Issued and fully paid Ordinary shares of RM1 each		Non-distributable		Retained earnings			Total RM'000
	Number of shares '000	Nominal value RM'000	Available- for-sale fair value reserve RM'000	Revaluation reserve RM'000	Non-Par unallocated surplus¹ RM'000	Distributable retained earnings RM'000	Sub-total Retained earnings RM'000	
At 1 January 2014	579,000	579,000	17,100	11,050	281,700	256,754	538,454	1,145,604
Profit for the financial period	-	-	-	-	(10,691)	36,967	26,276	26,276
Total comprehensive loss for the financial period	-	-	(5,462)	-	-	-	-	(5,462)
At 30 June 2014	<u>579,000</u>	<u>579,000</u>	<u>11,638</u>	<u>11,050</u>	<u>271,009</u>	<u>293,721</u>	<u>564,730</u>	<u>1,166,418</u>
At 1 January 2013	579,000	579,000	51,485	-	197,647	142,332	339,979	970,464
Profit for the financial period	-	-	-	-	30,344	45,626	75,970	75,970
Total comprehensive loss for the financial period	-	-	(3,528)	-	-	-	-	(3,528)
At 30 June 2013	<u>579,000</u>	<u>579,000</u>	<u>47,957</u>	<u>-</u>	<u>227,991</u>	<u>187,958</u>	<u>415,949</u>	<u>1,042,906</u>

¹In accordance with the Financial Services Act, 2013 the unallocated surplus of the Non-Participating ("Non-Par") fund is only available for distribution to the shareholders upon approval by the Appointed Actuary. There was no transfer from Non-par fund unallocated surplus for the financial period ended 30 June 2014.

**UNAUDITED INTERIM STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2014**

	6 months ended 30.06.2014 RM'000	6 months ended 30.06.2013 RM'000
Operating Activities		
Cash utilised in operating activities	(271,937)	(173,557)
Dividend/distribution income received	18,830	19,685
Interest/profit income received	132,794	130,337
Rental income on investment properties received	6,465	8,387
Income tax paid	(17,554)	(19,548)
Net cash outflow from operating activities	(131,402)	(34,696)
Investing Activities		
Proceeds from disposal of property, plant and equipment	4,000	21
Purchase of property, plant and equipment	(2,510)	(1,701)
Purchase of intangible assets	(1,467)	(555)
Proceeds from disposal of non-currents assets held for sale	125,440	-
Net cash outflow from investing activities	125,463	(2,235)
Net decrease in cash and cash equivalents	(5,939)	(36,931)
Cash and cash equivalents at beginning of financial year	390,465	349,579
Cash and cash equivalents at end of financial period	384,526	312,648
Cash and cash equivalents comprise:		
Call deposits (with maturity of less than three months):		
Licensed financial institutions	120,011	95,806
Cash and bank balances	264,515	216,842
	384,526	312,648

The accompanying notes form an integrated part of these interim financial statements.

NOTES TO THE INTERIM FINANCIAL STATEMENTS – 30 JUNE 2014

1. BASIS OF PREPARATION

The unaudited interim financial statements have been prepared in accordance with the Malaysian Financial Reporting Standard ("MFRS"). The unaudited interim financial statements should be read in conjunction with the audited annual financial statements for the financial year ended 31 December 2013, which were prepared in accordance with the Malaysian Financial Reporting Standards.

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 2013.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies 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 2013, except for the adoption of the following:

MFRSs/Interpretations	Effective Date
Amendments to MFRS 132: Offsetting Financial Asset and Financial Liabilities	1 January 2014
Amendments to MFRS 136: Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
IC Interpretation 21 Levies	1 January 2014
Amendments to MFRS 119: Defined Benefit Plan: Employee Contributions	1 July 2014
Annual Improvements to MFRSs 2010-2012 Cycle	1 July 2014
Annual Improvements to MFRSs 2011-2013 Cycle	1 July 2014

The adoption of the revised standards, amendments and interpretations issued by Malaysian Accounting Standards Board ("MASB") in the current financial year do not have any material impact to the financial statements of the Company.

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

3. AUDITOR'S REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditor's report on the audited financial statements for the financial year ended 31 December 2013 was not qualified.

4. SEASONAL OR CYCLICAL FACTORS

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

5. UNUSUAL ITEMS

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the current financial period under review.

6. CHANGE IN ACCOUNTING ESTIMATES

There were no material changes in basis used for accounting estimates for the current financial period to date.

NOTES TO THE INTERIM FINANCIAL STATEMENTS – 30 JUNE 2014 (CONTINUED)

7. DEBT AND EQUITY SECURITIES

There were no issuances or repayments of debt and equity securities for the current financial period under review.

8. DIVIDEND PAYMENT

There was no dividend paid 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 2013. 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 of these interim financial statements.

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 are no contingent liabilities as at the date of this report since the date of the last annual statement of financial position.

NOTES TO THE INTERIM FINANCIAL STATEMENTS – 30 JUNE 2014 (CONTINUED)

13. INVESTMENTS

	As at 30.06.2014 RM'000	As at 31.12.2013 RM'000
Malaysian Government Securities/Government Investment Issues	973,585	894,653
Corporate debt securities	4,158,247	4,008,552
Equity securities	1,151,116	1,112,099
Unit trusts	247,581	236,095
Loans	425,730	455,792
Fixed and call deposits	-	20,066
	<u>6,956,259</u>	<u>6,727,257</u>

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

Available-for-sale financial assets	5,270,980	5,040,515
Financial assets at fair value through profit or loss	1,259,549	1,210,884
Loans and receivables	425,730	475,858
	<u>6,956,259</u>	<u>6,727,257</u>

The following investments mature after 12 months:

Available-for-sale financial assets	4,703,041	4,492,590
Financial assets at fair value through profit or loss	180,235	177,595
Loans and receivables	8,039	9,608
	<u>4,891,315</u>	<u>4,679,793</u>

14. REINSURANCE ASSETS

	As at 30.06.2014 RM'000	As at 31.12.2013 RM'000
Reinsurers' share of insurance contract liabilities	<u>145,028</u>	<u>142,004</u>

NOTES TO THE INTERIM FINANCIAL STATEMENTS – 30 JUNE 2014 (CONTINUED)

15. INSURANCE CONTRACT LIABILITIES

		30.06.2014			31.12.2013		
	Note	Gross	Re- insurance	Net	Gross	Re- insurance	Net
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Life insurance	15(a)	4,646,512	(25,835)	4,620,677	4,784,909	(28,824)	4,756,085
General insurance	15(b)	715,291	(119,193)	596,098	678,167	(113,180)	564,987
		<u>5,361,803</u>	<u>(145,028)</u>	<u>5,216,775</u>	<u>5,463,076</u>	<u>(142,004)</u>	<u>5,321,072</u>

(a) Life Insurance

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

	As at 30.06.2014			As at 31.12.2013		
	Gross	Re- insurance	Net	Gross	Re- insurance	Net
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Actuarial liabilities:						
Liability for future policyholders' benefits	3,646,722	(20,491)	3,626,231	3,834,765	(22,995)	3,811,770
Net asset value attributable to unitholders	904,628	-	904,628	863,517	-	863,517
	<u>4,551,350</u>	<u>(20,491)</u>	<u>4,530,859</u>	<u>4,698,282</u>	<u>(22,995)</u>	<u>4,675,287</u>
Claim liabilities	61,307	(5,344)	55,963	52,898	(5,829)	47,069
	<u>4,612,657</u>	<u>(25,835)</u>	<u>4,586,822</u>	<u>4,751,180</u>	<u>(28,824)</u>	<u>4,722,356</u>
Participating funds:						
- Unallocated deficit	(28,519)	-	(28,519)	(39,276)	-	(39,276)
- Available-for-sale reserve	41,384	-	41,384	52,015	-	52,015
- Asset revaluation reserve	20,990	-	20,990	20,990	-	20,990
	<u>4,646,512</u>	<u>(25,835)</u>	<u>4,620,677</u>	<u>4,784,909</u>	<u>(28,824)</u>	<u>4,756,085</u>

NOTES TO THE INTERIM FINANCIAL STATEMENTS – 30 JUNE 2014 (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
<u>Actuarial liabilities</u>							
At 1 January 2013	3,216,701	1,571,701	4,788,402	(4,663)	(18,054)	(22,717)	4,765,685
Benefit and claims experience variation	(32,209)	(73,976)	(106,185)	(389)	111	(278)	(106,463)
Change due to valuation basis:							
Model enhancement	23,054	(2,436)	20,618	-	-	-	20,618
Yield movement	(39,693)	(93,411)	(133,104)	-	-	-	(133,104)
Assumption changes	(10,176)	11,919	1,743	-	-	-	1,743
Net asset value attributable to unitholders	-	126,808	126,808	-	-	-	126,808
At 31 December 2013	3,157,677	1,540,605	4,698,282	(5,052)	(17,943)	(22,995)	4,675,287
Benefit and claims experience variation	(195,151)	(14,107)	(209,258)	1,354	1,150	2,504	(206,754)
Change due to valuation basis:							
Model enhancement	(2,350)	5	(2,345)	-	-	-	(2,345)
Yield movement	-	23,560	23,560	-	-	-	23,560
Net asset value attributable to unitholders	-	41,111	41,111	-	-	-	41,111
At 30 June 2014	<u>2,960,176</u>	<u>1,591,174</u>	<u>4,551,350</u>	<u>(3,698)</u>	<u>(16,793)</u>	<u>(20,491)</u>	<u>4,530,859</u>
<u>Claims liabilities</u>							
At 1 January 2013	32,193	18,228	50,421	(2,058)	(4,649)	(6,707)	43,714
Movement in claim provisions	(782)	3,259	2,477	(337)	1,215	878	3,355
At 31 December 2013	31,411	21,487	52,898	(2,395)	(3,434)	(5,829)	47,069
Movement in claim provisions	2,344	6,065	8,409	394	91	485	8,894
At 30 June 2014	<u>33,755</u>	<u>27,552</u>	<u>61,307</u>	<u>(2,001)</u>	<u>(3,343)</u>	<u>(5,344)</u>	<u>55,963</u>

NOTES TO THE INTERIM FINANCIAL STATEMENTS – 30 JUNE 2014 (CONTINUED)

15. INSURANCE CONTRACT LIABILITIES (CONTINUED)

(a) Life Insurance (continued)

	As at 30.06.2014			As at 31.12.2013		
	With DPF	Without DPF	Total	With DPF	Without DPF	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Unallocated surplus/(deficit)						
At 1 January	(39,276)	281,700	242,424	(131,756)	197,647	65,891
Premium received	97,553	254,136	351,689	224,293	522,274	746,567
Payments due to death, surrenders, benefits and claims	(341,682)	(176,130)	(517,812)	(469,998)	(454,259)	(924,257)
Net investment income	98,569	52,848	151,417	314,556	198,570	513,126
Management expenses and commissions	(26,259)	(78,431)	(104,690)	(46,800)	(137,552)	(184,352)
Change in life assurance fund actuarial liabilities	196,146	(51,719)	144,427	59,413	30,986	90,399
Change in claims liabilities	(2,738)	(6,156)	(8,894)	1,118	(4,474)	(3,356)
Tax expense	(10,832)	(5,239)	(16,071)	(20,202)	(71,492)	(91,694)
Transfer from shareholders fund	-	-	-	30,100	-	30,100
Net surplus/(deficit) for the financial period	10,757	(10,691)	66	92,480	84,053	176,533
At 30 June/31 December	(28,519)	271,009	242,490	(39,276)	281,700	242,424

The unallocated surplus of the life non-participating is reported under non-distributable retained earnings in the statement of changes in equity.

NOTES TO THE INTERIM FINANCIAL STATEMENTS – 30 JUNE 2014 (CONTINUED)

15. INSURANCE CONTRACT LIABILITIES (CONTINUED)

(a) Life Insurance (continued)

Available-for-sale reserves

	As at 30.06.2014 RM'000	As at 31.12.2013 RM'000
At 1 January	52,015	150,651
Fair value change on available-for-sale financial assets, net of tax:		
- Gross fair value change	(11,590)	(104,960)
- Deferred taxation	959	6,324
	<u>(10,631)</u>	<u>(98,636)</u>
At 30 June/31 December	<u><u>41,384</u></u>	<u><u>52,015</u></u>

Assets valuation reserve*

At 1 January	20,990	-
Revaluation surplus	-	22,187
Deferred tax effects	-	(1,197)
	<u>20,990</u>	<u>20,990</u>
At 30 June/31 December	<u><u>20,990</u></u>	<u><u>20,990</u></u>

* Representing fair value differences arising upon the reclassification of certain self-occupied properties which are carried at cost less accumulated depreciation and accumulated impairment loss to investment properties.

NOTES TO THE INTERIM FINANCIAL STATEMENTS – 30 JUNE 2014 (CONTINUED)

15. INSURANCE CONTRACT LIABILITIES (CONTINUED)

(b) General Insurance

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

	As at 30.06.2014			As at 31.12.2013		
	Gross	Re-	Net	Gross	Re-	Net
	RM'000	insurance	RM'000	RM'000	insurance	RM'000
Provision for claim	309,971	(53,329)	256,642	308,946	(60,113)	248,833
Provision for incurred but not reported claims ("IBNR")	116,368	(15,452)	100,916	110,314	(10,833)	99,481
Claim liabilities	426,339	(68,781)	357,558	419,260	(70,946)	348,314
Premium liabilities	288,952	(50,412)	238,540	258,907	(42,234)	216,673
	715,291	(119,193)	596,098	678,167	(113,180)	564,987

Claims liabilities

At 1 January	419,260	(70,946)	348,314	506,743	(96,376)	410,367
Claims incurred in the current accident year	(25,076)	10,648	(14,428)	127,412	1,579	128,991
Other movements in claims incurred in prior accident years	153,483	(11,597)	141,886	107,452	(8,562)	98,890
Claims paid during the financial period	(127,382)	7,733	(119,649)	(238,828)	24,293	(214,535)
Movement in IBNR reserves	6,054	(4,619)	1,435	(83,519)	8,120	(75,399)
At 30 June/31 December	426,339	(68,781)	357,558	419,260	(70,946)	348,314

Premium liabilities

At 1 January	258,907	(42,234)	216,673	213,405	(26,091)	187,314
Premium written in the financial period	317,575	(54,091)	263,484	553,710	(95,368)	458,342
Premium earned during the financial period	(287,530)	45,913	(241,617)	(508,208)	79,225	(428,983)
At 30 June/31 December	288,952	(50,412)	238,540	258,907	(42,234)	216,673

NOTES TO THE INTERIM FINANCIAL STATEMENTS – 30 JUNE 2014 (CONTINUED)

16. TAXATION

	6 months ended 30.06.2014		
	Life fund	General and shareholders' funds	Total
	RM'000	RM'000	RM'000
Current tax	11,094	13,175	24,269
Deferred tax	4,977	(452)	4,525
Tax expense	16,071	12,723	28,794
Current tax			
Current financial year	11,094	13,175	24,269
Deferred tax			
Origination and reversal of temporary differences	4,977	(452)	4,525
	16,071	12,723	28,794

	6 months ended 30.06.2013		
	Life fund	General and shareholders' funds	Total
	RM'000	RM'000	RM'000
Current tax	7,746	13,278	21,024
Deferred tax	4,981	(4,939)	42
Tax expense	12,727	8,339	21,066
Current tax			
Current financial year	7,746	13,278	21,024
Deferred tax			
Origination of temporary differences	4,981	(4,939)	42
	12,727	8,339	21,066

NOTES TO THE INTERIM FINANCIAL STATEMENTS – 30 JUNE 2014 (CONTINUED)

17. TOTAL CAPITAL AVAILABLE

The regulated capital of the Company as at 30 June 2014 comprised capital available of RM 2,162 million (31 December 2013: RM 2,263 million).

The capital structure of the Company as at 30 June 2014, as prescribed under the RBC Framework, is shown below:

	As at 30.06.2014 RM'000	As at 31.12.2013 RM'000
Tier 1 Capital		
Paid-up share capital	579,000	579,000
Reserves, including retained earnings	1,519,311	1,606,697
	<u>2,098,311</u>	<u>2,185,697</u>
Tier 2 Capital		
Available-for-sale reserves	53,289	69,782
Revaluation reserve	24,832	24,832
Less:		
Deferred tax assets	(14,629)	(17,260)
Total Capital Available	<u>2,161,803</u>	<u>2,263,051</u>

18. CAPITAL AND OTHER COMMITMENTS

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

	As at 30.06.2014 RM'000	As at 31.12.2013 RM'000
Authorised and contracted for:		
- investment properties	<u>681</u>	<u>505</u>

19. 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

NOTES TO THE INTERIM FINANCIAL STATEMENTS – 30 JUNE 2014 (CONTINUED)

19. INSURANCE FUNDS (continued)

**Unaudited Interim Statement of Financial Position by Funds
As at 30 June 2014**

	Life Fund	General Fund	Shareholders' Fund	Total
	RM'000	RM'000	RM'000	RM'000
Assets				
Property, plant and equipment	19,483	763	-	20,246
Intangible assets	7,523	4,317	-	11,840
Investment properties	253,685	12,020	99,240	364,945
Investments	5,674,151	628,616	653,492	6,956,259
Available-for-sale financial assets	4,001,510	628,314	641,156	5,270,980
Financial assets at fair value through profit or loss	1,259,549	-	-	1,259,549
Loans and receivables	413,092	302	12,336	425,730
Reinsurance assets	25,835	119,193	-	145,028
Insurance receivables	30,924	57,340	-	88,264
Other receivables	15,863	61,705	465	78,033
Tax recoverable	17,267	1,003	15,468	33,738
Non-current assets held-for-sale	168,374	-	-	168,374
Deferred tax assets	-	-	14,629	14,629
Cash and cash equivalents	305,504	41,489	37,533	384,526
Total assets	6,518,609	926,446	820,827	8,265,882
Equity, policyholders' funds and liabilities				
Share capital	-	-	579,000	579,000
Retained earnings	271,009	29,810	263,911	564,730
Other reserves	12,091	4,754	5,843	22,688
Total equity	283,100	34,564	848,754	1,166,418
Insurance contract liabilities	4,646,512	715,291	-	5,361,803
Deferred tax liabilities	105,803	1,451	-	107,254
Other liabilities	87,419	69,223	971	157,613
Insurance payables	1,347,842	76,570	-	1,424,412
Provision for life agents' retirement benefits	715	-	-	715
Current tax liabilities	14,858	27,720	5,089	47,667
Total liabilities	6,203,149	890,255	6,060	7,099,464
Total equity, policyholders' funds and liabilities	6,486,249	924,819	854,814	8,265,882
Inter-fund balances	32,360	1,627	(33,987)	-

NOTES TO THE INTERIM FINANCIAL STATEMENTS – 30 JUNE 2014 (CONTINUED)

19. INSURANCE FUNDS (continued)

**Statement of Financial Position by Funds
As at 31 December 2013**

	Life Fund	General Fund	Shareholders' Fund	Total
	RM'000	RM'000	RM'000	RM'000
Assets				
Property, plant and equipment	22,419	541	-	22,960
Intangible assets	7,216	4,704	-	11,920
Investment properties	261,085	12,020	99,240	372,345
Investments	5,552,184	694,736	480,337	6,727,257
Available-for-sale financial assets	3,889,682	693,322	457,511	5,040,515
Financial assets at fair value through profit or loss	1,210,868	16	-	1,210,884
Loans and receivables	451,634	1,398	22,826	475,858
Reinsurance assets	28,824	113,180	-	142,004
Insurance receivables	33,759	66,366	-	100,125
Other receivables	18,104	55,128	242	73,474
Tax recoverable	15,272	-	8,829	24,101
Non-current assets held-for-sale	285,974	-	-	285,974
Deferred tax assets	-	-	15,214	15,214
Cash and cash equivalents	318,574	42,456	29,435	390,465
Total assets	6,543,411	989,131	633,297	8,165,839
Equity, policyholders' funds and liabilities				
Share capital	-	-	579,000	579,000
Retained earnings	281,700	-	256,754	538,454
Other reserves	15,535	6,524	6,091	28,150
Total equity	297,235	6,524	841,845	1,145,604
Insurance contract liabilities	4,784,909	678,167	-	5,463,076
Deferred tax liabilities	101,729	2,703	-	104,432
Other liabilities	95,252	72,523	1,032	168,807
Insurance payables	1,167,033	84,250	-	1,251,283
Provision for life agents' retirement benefits	967	-	-	967
Current tax liabilities	8,168	23,112	390	31,670
Total liabilities	6,158,058	860,755	1,422	7,020,235
Total equity, policyholders' funds and liabilities	6,455,293	867,279	843,267	8,165,839
Inter-fund balances	88,118	121,852	(209,970)	-

NOTES TO THE INTERIM FINANCIAL STATEMENTS – 30 JUNE 2014 (CONTINUED)

19. INSURANCE FUNDS (continued)

**Unaudited Interim Income Statement by Funds
For the six months period ended 30 June 2014**

	Life Fund RM'000	General Fund RM'000	Shareholders' Fund RM'000	Total RM'000
Gross earned premiums	360,916	287,530	-	648,446
Premiums ceded to reinsurers	(9,227)	(45,935)	-	(55,162)
Net earned premiums	351,689	241,595	-	593,284
Investment income	132,066	14,076	11,246	157,388
Realised gains and losses	8,037	1,274	(372)	8,939
Fair value gains	11,314	(1,455)	75	9,934
Fee and commission income	76	6,936	-	7,012
Other revenue	151,493	20,831	10,949	183,273
Total revenue	503,182	262,426	10,949	776,557
Gross benefits and claims paid	(524,214)	(127,382)	-	(651,596)
Claims ceded to reinsurers	6,402	7,733	-	14,135
Gross change to contract liabilities	127,766	(7,079)	-	120,687
Change in contract liabilities ceded to reinsurers	(2,990)	(2,165)	-	(5,155)
Net claims	(393,036)	(128,893)	-	(521,929)
Fee and commission expense	(50,803)	(37,280)	-	(88,083)
Management expenses	(53,722)	(57,771)	(186)	(111,679)
Other operating (expenses)/revenue - net	(241)	915	(470)	204
Other expenses	(104,766)	(94,136)	(656)	(199,558)
Profit before taxation	5,380	39,397	10,293	55,070
Taxation	(16,071)	(9,587)	(3,136)	(28,794)
Loss/profit for the financial period	(10,691)	29,810	7,157	26,276

NOTES TO THE INTERIM FINANCIAL STATEMENTS – 30 JUNE 2014 (CONTINUED)

19. INSURANCE FUNDS (continued)

**Unaudited Interim Income Statement by Funds
For the six months period ended 30 June 2013**

	Life Fund RM'000	General Fund RM'000	Shareholders' Fund RM'000	Total RM'000
Gross earned premiums	351,729	244,538	-	596,267
Premiums ceded to reinsurers	(6,878)	(41,692)	-	(48,570)
Net earned premiums	344,851	202,846	-	547,697
Investment income	133,633	19,294	10,975	163,902
Realised gains and losses	9,126	(2,215)	(114)	6,797
Fair value gains and losses	76,544	-	234	76,778
Fee and commission income	4,004	5,871	-	9,875
Other revenue	223,307	22,950	11,095	257,352
Total revenue	568,158	225,796	11,095	805,049
Gross benefits and claims paid	(545,087)	(119,233)	-	(664,320)
Claims ceded to reinsurers	3,269	16,115	-	19,384
Gross change to contract liabilities	112,237	10,971	-	123,208
Change in contract liabilities ceded to reinsurers	784	(10,799)	-	(10,015)
Net claims	(428,797)	(102,946)	-	(531,743)
Fee and commission expense	(43,426)	(31,890)	-	(75,316)
Management expenses	(52,875)	(50,776)	(904)	(104,555)
Other operating revenue - net	11	3,559	31	3,601
Other expenses	(96,290)	(79,107)	(873)	(176,270)
Profit before taxation	43,071	43,743	10,222	97,036
Taxation	(12,727)	(6,663)	(1,676)	(21,066)
Profit for the financial period	30,344	37,080	8,546	75,970

NOTES TO THE INTERIM FINANCIAL STATEMENTS – 30 JUNE 2014 (CONTINUED)

19. INSURANCE FUNDS (continued)

**Investment-linked Fund
Unaudited Interim Statement of Financial Position**

	As at 30.06.2014 RM'000	As at 31.12.2013 RM'000
Assets		
Investments		
Financial assets at fair value through profit or loss	842,942	806,278
Other receivables	1,083	162
Cash and bank balances	74,222	65,271
Total assets	918,247	871,711
Liabilities		
Insurance contract liabilities	904,628	863,517
Deferred tax liabilities	9,739	10,645
Other liabilities	1,339	4,283
Current tax liabilities	6,031	2,981
Total liabilities	921,737	881,426
Inter-fund balances	(3,490)	(9,715)
Net asset value of funds	918,247	871,711

**Unaudited Interim Investment-linked Fund Income Statement
For the six months period ended 30 June 2014**

	6 months ended 30.06.2014 RM'000	6 months ended 30.06.2013 RM'000
Investment income	14,713	14,893
Realised gains	3,903	515
Fair value gains	7,051	62,428
	25,667	77,836
Fees and commission expenses	(264)	(5,325)
Management expenses	(14)	(15)
Other operating expenses – net	(64)	(109)
Surplus before taxation	25,325	72,387
Taxation	(2,144)	(6,519)
Surplus after taxation for the financial period	23,181	65,868

