

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

For The Half-Year Ended 30 June 2018

Company No.

8029

A

ZURICH LIFE INSURANCE MALAYSIA BERHAD (8029-A)

(Formerly known as Zurich Insurance Malaysia Berhad)

(Incorporated in Malaysia)

CONTENTS

PAGES

| | |
|---|--------|
| UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION | 1 |
| UNAUDITED CONDENSED STATEMENT OF PROFIT OR LOSS | 2 |
| UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME | 3 |
| UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY | 4 |
| UNAUDITED CONDENSED STATEMENT OF CASH FLOWS | 5 |
| NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS | 6 - 30 |

ZURICH LIFE INSURANCE MALAYSIA BERHAD (8029-A)*(Formerly known as Zurich Insurance Malaysia Berhad)**(Incorporated in Malaysia)***UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018**

| | Note | 30.06.2018 RM'000 | 31.12.2017 RM'000 |
|---|------------|----------------------|----------------------|
| ASSETS | | | |
| Property, plant and equipment | | 15,880 | 17,186 |
| Intangible assets | | 3,652 | 4,525 |
| Investment properties | | 257,700 | 258,250 |
| Investments | 12 | 6,954,859 | 7,084,531 |
| Available-for-sale financial assets | | 4,810,725 | 5,100,500 |
| Financial assets at fair value through profit or loss | | 1,802,477 | 1,631,552 |
| Loans and receivables | | 341,657 | 352,479 |
| Reinsurance assets | 14 | 33,373 | 33,169 |
| Insurance receivables | | 28,499 | 31,879 |
| Other receivables | | 45,598 | 22,487 |
| Tax recoverable | | 10,237 | 9,705 |
| Deferred tax assets | | 53,504 | 33,294 |
| Cash and cash equivalents | | 288,513 | 271,464 |
| Non-current asset classified as held-for-sale | 15(a) | 550 | - |
| Assets of a disposal group classified as held-for-sale: | | | |
| - assets in a unit trust fund controlled by the Company | 15(b)(i) | - | 709,553 |
| - other assets | 15(b)(ii) | - | 486,458 |
| Assets held for distribution to the shareholders | 15(c) | - | 106,300 |
| Total assets | | 7,692,365 | 9,068,801 |
| EQUITY, POLICYHOLDERS' FUNDS AND LIABILITIES | | | |
| Share capital | | 579,000 | 579,000 |
| Retained earnings | | 681,137 | 932,817 |
| Other reserves | | 15,786 | 36,220 |
| Reserves of a disposal group classified as held-for-sale | 15(b)(iii) | - | 9,646 |
| Total equity | | 1,275,923 | 1,557,683 |
| Insurance contract liabilities | 16 | 4,330,609 | 4,471,684 |
| Deferred tax liabilities | | 128,045 | 125,399 |
| Other liabilities | | 94,805 | 77,060 |
| Insurance payables | | 1,849,123 | 1,761,124 |
| Current tax liabilities | | 13,860 | 8,012 |
| Liabilities of a disposal group assets classified as held-for-sale: | | | |
| - liabilities in a unit trust fund controlled by the Company | 15(b)(i) | - | 287 |
| - other liabilities | 15(b)(iv) | - | 1,067,552 |
| Total liabilities | | 6,416,442 | 7,511,118 |
| Total equity, policyholders' funds and liabilities | | 7,692,365 | 9,068,801 |

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

ZURICH LIFE INSURANCE MALAYSIA BERHAD (8029-A)*(Formerly known as Zurich Insurance Malaysia Berhad)**(Incorporated in Malaysia)***UNAUDITED CONDENSED STATEMENT OF PROFIT OR LOSS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018**

| | 6 months ended 30.06.2018 RM'000 | 6 months ended 30.06.2017 RM'000 |
|--|---|---|
| Continuing operations | | |
| Gross earned premiums | 382,190 | 371,142 |
| Premiums ceded to reinsurers | (28,372) | (29,200) |
| Net earned premiums | <u>353,818</u> | <u>341,942</u> |
| Investment income | 161,093 | 164,902 |
| Realised gains and losses | 10,827 | 891 |
| Fair value gains and losses | (105,583) | 117,733 |
| Fee and commission income | 609 | 495 |
| Other revenue | <u>66,946</u> | <u>284,021</u> |
| Total revenue | <u>420,764</u> | <u>625,963</u> |
| Gross benefits and claims paid | (450,236) | (555,073) |
| Claims ceded to reinsurers | 26,474 | 22,566 |
| Gross change to contract liabilities | 100,631 | 73,985 |
| Change in contract liabilities ceded to reinsurers | 204 | 98 |
| Net claims | <u>(322,927)</u> | <u>(458,424)</u> |
| Fee and commission expenses | (58,569) | (57,478) |
| Management expenses | (61,747) | (63,231) |
| Other operating expenses - net | (957) | (5,432) |
| Other expenses | <u>(121,273)</u> | <u>(126,141)</u> |
| (Loss)/profit before taxation from continuing operations | (23,436) | 41,398 |
| Taxation | (3,452) | (20,889) |
| Net (loss)/profit for the financial period from continuing operations | <u>(26,888)</u> | <u>20,509</u> |
| Discontinued operations: | | |
| Net profit for the financial period from discontinued operations | - | 30,774 |
| Net (loss)/profit for the financial period | <u>(26,888)</u> | <u>51,283</u> |
| Basic/diluted (loss)/earnings per share (sen) | | |
| Continuing operations | (4.64) | 3.54 |
| Discontinued operations | - | 5.32 |
| | <u>(4.64)</u> | <u>8.86</u> |

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

Company No.

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| 8029 | A |
|------|---|

ZURICH LIFE INSURANCE MALAYSIA BERHAD (8029-A)

(Formerly known as Zurich Insurance Malaysia Berhad)

(Incorporated in Malaysia)

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

| | 6 months ended 30.06.2018 RM'000 | 6 months ended 30.06.2017 RM'000 |
|--|---|---|
| Net (loss)/profit for the financial period | (26,888) | 51,283 |
| Other comprehensive (loss)/income: | | |
| 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 arising during the financial period | (54,563) | 58,587 |
| - Gross fair value transferred to statement of profit or loss | (10,827) | (1,410) |
| - Deferred tax | 4,512 | (6,224) |
| Net (loss)/gain | (60,878) | 50,953 |
| Change in insurance contract liabilities arising from net fair value changes | 40,444 | (24,914) |
| Other comprehensive (loss)/income for the financial period, net of tax | (20,434) | 26,039 |
| Comprising: | | |
| Continuing operations | (20,434) | 16,029 |
| Discontinued operations | - | 10,010 |
| | (20,434) | 26,039 |
| Total comprehensive (loss)/income for the financial period | (47,322) | 77,322 |
| Comprising: | | |
| Continuing operations | (47,322) | 36,538 |
| Discontinued operations | - | 40,784 |
| | (47,322) | 77,322 |

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

ZURICH LIFE INSURANCE MALAYSIA BERHAD (8029-A)*(Formerly known as Zurich Insurance Malaysia Berhad)**(Incorporated in Malaysia)***UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018**

| | Issued and fully paid ordinary shares | | Non-distributable | | | Retained earnings | | | Total |
|---|--|------------------|---|---------------------------------|--|--|---------------------------------------|-------------------------------|-----------|
| | Numbers of shares | Share capital | Available- for-sale fair value reserve | Asset revaluation reserve | Reserves of a disposal group classified as held-for-sale | Non-Par unallocated surplus ¹ | Distributable retained earnings | Total retained earnings | |
| | '000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| At 1 January 2018 | 579,000 | 579,000 | 25,092 | 11,128 | 9,646 | 417,772 | 515,045 | 932,817 | 1,557,683 |
| Net profit/(loss) for the financial period | - | - | - | - | - | 25,880 | (52,768) | (26,888) | (26,888) |
| Other comprehensive loss for the financial period | - | - | (20,434) | - | (9,646) | - | - | - | (30,080) |
| Distribution to Shareholders | - | - | - | - | - | - | (224,792) | (224,792) | (224,792) |
| At 30 June 2018 | 579,000 | 579,000 | 4,658 | 11,128 | - | 443,652 | 237,485 | 681,137 | 1,275,923 |
| At 1 January 2017 | 579,000 | 579,000 | 9,759 | 11,128 | 1,385 | 388,948 | 427,934 | 816,882 | 1,418,154 |
| Net (loss)/profit for the financial period | - | - | - | - | - | (7,086) | 58,369 | 51,283 | 51,283 |
| Other comprehensive income for the financial period | - | - | 16,029 | - | 10,010 | - | - | - | 26,039 |
| At 30 June 2017 | 579,000 | 579,000 | 25,788 | 11,128 | 11,395 | 381,862 | 486,303 | 868,165 | 1,495,476 |

¹In accordance with the FSA, 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 2018 (2017: Nil).

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

Company No.

| | |
|------|---|
| 8029 | A |
|------|---|

ZURICH LIFE INSURANCE MALAYSIA BERHAD (8029-A)

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

| | 6 months ended 30.06.2018 RM'000 | 6 months ended 30.06.2017 RM'000 |
|---|---|---|
| OPERATING ACTIVITIES | | |
| Cash utilised in operating activities | (134,301) | (174,691) |
| Dividend/distribution income received | 26,652 | 24,169 |
| Interest/profit income received | 132,208 | 136,561 |
| Rental income on investment properties received | 3,995 | 4,592 |
| Income tax paid | (11,165) | (14,067) |
| Net cash inflows/(outflows) from operating activities | <u>17,389</u> | <u>(23,436)</u> |
| INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment | (287) | (2,126) |
| Purchase of intangible assets | <u>(53)</u> | <u>(1,000)</u> |
| Net cash outflows from investing activities | <u>(340)</u> | <u>(3,126)</u> |
| Net increase/(decrease) in cash and cash equivalents | 17,049 | (26,562) |
| Cash and cash equivalents at the beginning of the financial period | <u>271,464</u> | <u>186,377</u> |
| Cash and cash equivalents at the end of the financial period | <u>288,513</u> | <u>159,815</u> |
| Cash and cash equivalents comprise: | | |
| Cash and bank balances | <u>288,513</u> | <u>159,815</u> |
| | <u>288,513</u> | <u>159,815</u> |

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

ZURICH LIFE INSURANCE MALAYSIA BERHAD (8029-A)*(Formerly known as Zurich Insurance Malaysia Berhad)**(Incorporated in Malaysia)***NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS****1. BASIS OF PREPARATION**

The unaudited condensed interim financial statements have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS"). The unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements for the financial year ended 31 December 2017, which were prepared in accordance with the MFRS.

The explanatory notes attached to the unaudited condensed 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 2017.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted by the Company for the unaudited condensed interim financial statements are consistent with those adopted in the Company's audited financial statements for the financial year ended 31 December 2017, except for the adoption of the following:

| MFRS, Interpretations and amendments | Effective Date |
|--|----------------|
| <ul style="list-style-type: none"> Amendments to MFRS 4 - Applying MFRS 9 "Financial Instruments" with MFRS 4 "Insurance Contracts". | 1 January 2018 |
| <ul style="list-style-type: none"> MFRS 9 "Financial Instruments" will replace MFRS 139 "Financial Instruments: Recognition and Measurement". | 1 January 2018 |
| <ul style="list-style-type: none"> MFRS 15 "Revenue from contracts with customers" replaces MFRS 118 "Revenue" and MFRS 111 "Construction contracts" and related interpretations. | 1 January 2018 |
| <ul style="list-style-type: none"> Amendments to MFRS 140 "Classification on "Change in Use" – Assets transferred to, or from, Investment Properties". | 1 January 2018 |
| <ul style="list-style-type: none"> IC Interpretation 22 "Foreign Currency Transactions and Advance Consideration". | 1 January 2018 |

MFRS 9 "Financial Instruments" is effective from annual periods beginning 1 January 2018. However, the Amendments to MFRS 4 Insurance Contracts included certain provisions to allow the deferral of MFRS 9 to 2021 (i.e. to be adopted at the same time for entities which are predominantly operating as an insurance business).

The Company's business activity is predominantly insurance and hence, qualifies for the temporary exemption approach. Consequently, management has decided to apply the temporary exemption from MFRS 9 from its annual period beginning 1 January 2018 and will adopt MFRS 9 for its annual period beginning 1 January 2021.

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

ZURICH LIFE INSURANCE MALAYSIA BERHAD (8029-A)

(Formerly known as Zurich Insurance Malaysia Berhad)

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

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 2017 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.

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. SIGNIFICANT AND SUBSEQUENT EVENT

Significant event during the financial period are disclosed in Note 21. There are no material subsequent events from the end of the current financial period under review to the date of these unaudited condensed interim financial statements.

10. CHANGES IN COMPOSITION OF THE COMPANY

The Company was underwriting Life insurance business and all classes of General insurance up to 31 December 2017. On 1 January 2018, the Company transferred its entire General Insurance business to Zurich General Insurance Malaysia Berhad as a going concern pursuant to a Business Transfer Scheme ("the Scheme") approved and confirmed by the High Court of Malaya on 5 December 2017 in accordance with Section 100(1) of the Financial Services Act 2013 ("FSA"). Further details are disclosed in Note 15.

ZURICH LIFE INSURANCE MALAYSIA BERHAD (8029-A)*(Formerly known as Zurich Insurance Malaysia Berhad)**(Incorporated in Malaysia)***NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS****11. 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.

12. INVESTMENTS

| | 30.06.2018 | 31.12.2017 |
|--|-------------------|-------------------|
| | RM'000 | RM'000 |
| Malaysian Government Securities/ Government Investment Issues | 664,583 | 812,556 |
| Corporate debt securities | 4,106,720 | 4,218,487 |
| Equity securities | 1,450,435 | 1,459,705 |
| Unit trusts | 391,464 | 241,304 |
| Loans | 341,657 | 352,479 |
| | <u>6,954,859</u> | <u>7,084,531</u> |

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

| | | |
|--|------------------|------------------|
| Available-for-sale ("AFS") financial assets | 4,810,725 | 5,100,500 |
| Fair value through profit or loss ("FVTPL") financial assets | 1,802,477 | 1,631,552 |
| Loans and receivables ("LAR") | 341,657 | 352,479 |
| | <u>6,954,859</u> | <u>7,084,531</u> |

Investments that mature after 12 months:

| | | |
|------------------------|------------------|------------------|
| AFS financial assets | 4,465,357 | 4,737,639 |
| FVTPL financial assets | 151,734 | 147,576 |
| LAR | 5,757 | 6,309 |
| | <u>4,622,848</u> | <u>4,891,524</u> |

ZURICH LIFE INSURANCE MALAYSIA BERHAD (8029-A)*(Formerly known as Zurich Insurance Malaysia Berhad)**(Incorporated in Malaysia)***NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS****13. FAIR VALUE MEASUREMENTS****(a) Determination of fair value and fair value hierarchy**

The Company classifies fair value measurement using a fair value hierarchy that reflects the significant of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - Quoted market price

Included in the quoted price category are financial instruments that are measured in whole or in part by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, secondary market via dealer and broker, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2 - Valuation Techniques - Market Observable Input

Financial instruments in this category are measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions. It includes financial instruments for which pricing is obtained via pricing services, but where prices have not been determined in an active market, instruments with fair values based on broker quotes and discounted cash flows, the price of the most recent transactions may be used provided that there has not been a significant change in economic circumstances since the time of the transaction, or if the conditions have changed, that price should be adjusted to reflect the change in conditions by reference to current prices for similar financial instruments and investment in structured products with fair values obtained via investment bankers and/or fund managers.

Level 3 - Valuation Techniques - Unobservable input

Non-market observable inputs mean that fair values are determined in whole or in part using a valuation technique based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. The main asset classes in this category are unquoted equity securities, un-rated securities, investment properties, non-performing loans and debt securities from organisations in default. Valuation techniques of these portfolios are used to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the instrument at the measurement date. However, the fair value measurement objective remains the same, that is, an exit price from the perspective of the Company. Therefore, unobservable inputs reflect the Company's own assumptions about the assumptions that market participants would use in pricing the instrument (including assumptions about risk). These inputs are developed based on the best information available, which might include the Company's own data and judgments. The judgment applied in valuing the non-performing loans is explained in Note 3(a)(iii) to the financial statements.

ZURICH LIFE INSURANCE MALAYSIA BERHAD (8029-A)*(Formerly known as Zurich Insurance Malaysia Berhad)**(Incorporated in Malaysia)***NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS****13. FAIR VALUE MEASUREMENTS (CONTINUED)****(b) Financial instruments and non-financial assets carried at fair value**

The following tables show the Company's financial instruments and non-financial assets which are measured at fair value at the reporting date analysed by the various levels within the fair value hierarchy:

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|--|------------------|------------------|----------------|------------------|
| | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> |
| <u>30 June 2018</u> | | | | |
| AFS financial assets: | | | | |
| - Malaysian Government Securities/Government Investment Issues | - | 652,033 | - | 652,033 |
| - Corporate debt securities | - | 3,963,069 | 1,300 | 3,964,369 |
| - Equity securities | 181,960 | - | 12,363 | 194,323 |
| FVTPL financial assets: | | | | |
| - Malaysian Government Securities/Government Investment Issues | - | 12,550 | - | 12,550 |
| - Corporate debt securities | - | 142,351 | - | 142,351 |
| - Equity securities | 1,256,112 | - | - | 1,256,112 |
| - Unit trusts | 370,520 | 20,944 | - | 391,464 |
| Non-financial assets | | | | |
| Investment properties | - | - | 257,700 | 257,700 |
| | <u>1,808,592</u> | <u>4,790,947</u> | <u>271,363</u> | <u>6,870,902</u> |

ZURICH LIFE INSURANCE MALAYSIA BERHAD (8029-A)*(Formerly known as Zurich Insurance Malaysia Berhad)**(Incorporated in Malaysia)***NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS****13. FAIR VALUE MEASUREMENTS (CONTINUED)****(b) Financial instruments and non-financial assets carried at fair value (continued)**

The following tables show the Company's financial instruments and non-financial assets which are measured at fair value at the reporting date analysed by the various levels within the fair value hierarchy:

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|--|------------------|------------------|----------------|------------------|
| | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> |
| <u>31 December 2017</u> | | | | |
| AFS financial assets: | | | | |
| - Malaysian Government Securities/Government Investment Issues | - | 799,712 | - | 799,712 |
| - Corporate debt securities | - | 4,080,255 | 1,300 | 4,081,555 |
| - Equity securities | 206,870 | - | 12,363 | 219,233 |
| FVTPL financial assets: | | | | |
| - Malaysian Government Securities/Government Investment Issues | - | 12,844 | - | 12,844 |
| - Corporate debt securities | - | 136,932 | - | 136,932 |
| - Equity securities | 1,239,997 | 475 | - | 1,240,472 |
| - Unit trusts | 82,497 | 158,807 | - | 241,304 |
| Non-financial assets | | | | |
| Investment properties | - | - | 258,250 | 258,250 |
| Assets held for distribution to shareholders | 104,219 | - | - | 104,219 |
| | <u>1,633,583</u> | <u>5,189,025</u> | <u>271,913</u> | <u>7,094,521</u> |

ZURICH LIFE INSURANCE MALAYSIA BERHAD (8029-A)*(Formerly known as Zurich Insurance Malaysia Berhad)**(Incorporated in Malaysia)***NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS****13. FAIR VALUE MEASUREMENTS (CONTINUED)****(b) Financial instruments and non-financial assets carried at fair value (continued)**

The following tables show the Company's financial instruments and non-financial assets which are measured at fair value at the reporting date analysed by the various levels within the fair value hierarchy:

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|---|----------------|----------------|----------------|----------------|
| | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> |
| Disposal group classified as held-for-sale | | | | |
| <u>31 December 2017</u> | | | | |
| AFS financial assets: | | | | |
| - Malaysian Government Securities/Government Investment Issues in unit trust fund | - | 121,569 | - | 121,569 |
| - Corporate debt securities | - | 30,306 | 970 | 31,276 |
| - Corporate debt securities in unit trust fund | - | 569,147 | - | 569,147 |
| - Equity securities | 63,746 | - | - | 63,746 |
| Non-financial assets | | | | |
| Investment properties | - | - | 11,960 | 11,960 |
| | <u>63,746</u> | <u>721,022</u> | <u>12,930</u> | <u>797,698</u> |

14. REINSURANCE ASSETS

| | 30.06.2018 | 31.12.2017 |
|--|-------------------|-------------------|
| | RM'000 | RM'000 |
| Reinsurers' share of insurance contract liabilities (Note 16(a)) | <u>33,373</u> | <u>33,169</u> |

The carrying amounts disclosed above in respect of the reinsurance of insurance contracts approximate fair values at the date of the statement of financial position.

ZURICH LIFE INSURANCE MALAYSIA BERHAD (8029-A)*(Formerly known as Zurich Insurance Malaysia Berhad)**(Incorporated in Malaysia)***NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS****15. DISPOSAL GROUP CLASSIFIED AS HELD-FOR-SALE****(a) Non-current assets classified as held-for-sale**

Non-current assets classified as held-for-sale comprise investment properties identified for disposal with at least 10% deposits paid, sale and purchase agreement executed, and pending sale completion.

| | 2018 | 2017 |
|-------------------------------------|---------------|---------------|
| | RM'000 | RM'000 |
| <u>Carrying value</u> | | |
| At 1 January | - | - |
| Transfer from investment properties | 550 | - |
| At 30 June/31 December | <u>550</u> | <u>-</u> |

(b) Discontinued operations

In accordance with the requirements of Financial Services Act 2013 ("FSA"), an insurer that carries on both classes of life insurance and general insurance businesses must take steps to split the businesses into separate legal entities before 1 July 2018.

In 2016, the Directors approved the disposal of the General insurance business to another legal entity known as Zurich General Insurance Malaysia Berhad ("ZGIMB"), as required by the FSA. Approval from BNM was obtained, and the disposal was completed on 1 January 2018.

Accordingly, the assets and liabilities of the General insurance business of the Company was presented as a disposal group classified as held-for-sale in the previous financial year's statement of financial position while the operating results and cash flows of the General insurance business was classified as discontinued operations in the statement of profit or loss, statement of comprehensive income and statement of cash flows.

The consideration for the transfer of the assets and liabilities of the General insurance business as at 1 January 2018 was RM1.00. The General insurance business is transferred to ZGIMB which is ultimately controlled by the same party of the Company. Therefore, the difference of RM118,492,000 between the consideration received and the book value of the assets and liabilities transferred is accounted in equity as distribution to shareholders (parent).

(i) Assets and liabilities in a unit trust fund controlled by the Company

The Company had determined that its investment in a retail unit trust fund amounting to RM709,266,000 as an investment in a structured entity ("investee fund"). The Company invested in the investee fund whose objective is to provide regular income through diversified investments in Malaysia and whose investment strategy does not include the use of leverage. The investee fund is managed by CIMB-Principal Asset Management Berhad and applies various investment strategies to accomplish its respective investment objectives. The investee fund finances their operations through the creation of investee fund units which exposes the holder to variable returns and fair values in the respective investee fund's net assets.

ZURICH LIFE INSURANCE MALAYSIA BERHAD (8029-A)*(Formerly known as Zurich Insurance Malaysia Berhad)**(Incorporated in Malaysia)***NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS****15. DISPOSAL GROUP CLASSIFIED AS HELD-FOR-SALE (CONTINUED)****(b) Discontinued operations (continued)****(i) Assets and liabilities in a unit trust fund controlled by the Company (continued)**

The Company held 99.98% of the units in the CIMB-Principal Conservative Bond Fund which is established in Malaysia, and thus had control over the investee fund. The Company was exposed to, or had rights to variable returns from its involvement with the interfund.

The Company's maximum exposure to loss from its interests in the investee fund was equal to the fair value of its investment in the investee fund. As the Company had control over the investee fund which was considered a controlled structured entity, the structured entity was consolidated at Group level. The underlying assets of the structured entity was duly consolidated as follows:

The assets and liabilities of the CIMB-Principal Conservative Bond Fund which was controlled by the Company were as follows:

| | 31.12.2017 |
|---------------------------|-------------------|
| | RM'000 |
| Assets | |
| Investments - AFS | 690,716 |
| Other receivables | 90 |
| Cash and cash equivalents | 18,747 |
| | <u>709,553</u> |
| Liabilities | |
| Other liabilities | <u>287</u> |

The types of investments classified as AFS financial assets were summarised as follows:

| | 31.12.2017 |
|--|-------------------|
| | RM'000 |
| AFS financial assets | |
| Malaysian Government Securities/Government Investment Issues | 121,569 |
| Corporate debt securities | |
| - Unquoted in Malaysia | 569,147 |
| | <u>690,716</u> |

ZURICH LIFE INSURANCE MALAYSIA BERHAD (8029-A)*(Formerly known as Zurich Insurance Malaysia Berhad)**(Incorporated in Malaysia)***NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS****15. DISPOSAL GROUP CLASSIFIED AS HELD-FOR-SALE (CONTINUED)****(b) Discontinued operations (continued)****(ii) Other assets of a disposal group classified as held-for-sale**

| | 31.12.2017 |
|-------------------------------|-------------------|
| | RM'000 |
| Property, plant and equipment | 5,564 |
| Intangible assets | 2,542 |
| Investment properties | 11,960 |
| Investments | 95,334 |
| AFS | 95,022 |
| LAR | 312 |
| Reinsurance assets | 201,043 |
| Insurance receivables | 69,790 |
| Other receivables | 61,200 |
| Tax recoverable | 1,202 |
| Cash and cash equivalents | 37,823 |
| Total | <u>486,458</u> |

The investment for a disposal group classified as held-for-sale were summarised as follows:

| | 31.12.2017 |
|-----------------------------|-------------------|
| | RM'000 |
| AFS financial assets | |
| Corporate debt securities | |
| - Unquoted in Malaysia | 31,276 |
| Equity securities | |
| - Quoted in Malaysia | 63,746 |
| | <u>95,022</u> |

ZURICH LIFE INSURANCE MALAYSIA BERHAD (8029-A)*(Formerly known as Zurich Insurance Malaysia Berhad)**(Incorporated in Malaysia)***NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS****15. DISPOSAL GROUP CLASSIFIED AS HELD-FOR-SALE (CONTINUED)****(b) Discontinued operations (continued)****(iii) Reserves of a disposal group classified as held-for-sale****31.12.2017
RM'000**

Available-for-sale reserve

9,646**(iv) Other liabilities of a disposal group classified as held-for-sale****31.12.2017
RM'000**

Insurance contract liabilities

842,033

Deferred tax liabilities

4,087

Other liabilities

96,956

Insurance payables

124,120

Current tax liabilities

356

1,067,552**(c) Asset held for distribution to the Shareholders**

In order to ensure that the minimum capital requirements of the general insurance business were met, the following assets were identified to be disposed together with the General Insurance Fund referred to in Note 15(a)(ii).

**31.12.2017
RM'000**

Investments – AFS

- Malaysian Government Securities/Government Investment Issues

25,489

- Corporate debt securities unquoted in Malaysia

78,730

Cash and cash equivalents

2,081

106,300

ZURICH LIFE INSURANCE MALAYSIA BERHAD (8029-A)*(Formerly known as Zurich Insurance Malaysia Berhad)**(Incorporated in Malaysia)***NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS****16. INSURANCE CONTRACT LIABILITIES**

| | Note | 30.06.2018 | | | 31.12.2017 | | |
|--|-------|------------------|------------------|------------------|------------------|------------------|------------------|
| | | Gross | Re- insurance | Net | Gross | Re- insurance | Net |
| | | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Life insurance | 16(a) | 4,330,609 | (33,373) | 4,297,236 | 4,471,684 | (33,169) | 4,438,515 |
| General insurance – discontinued operations | 16(b) | - | - | - | 842,033 | (201,043) | 640,990 |
| | | <u>4,330,609</u> | <u>(33,373)</u> | <u>4,297,236</u> | <u>5,313,717</u> | <u>(234,212)</u> | <u>5,079,505</u> |
| | | 30.06.2018 | | | 31.12.2017 | | |
| | | Gross | Re- insurance | Net | Gross | Re- insurance | Net |
| | | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| (a) Life insurance: | | | | | | | |
| Liability for future policyholders' benefits | | 3,251,665 | (27,700) | 3,223,965 | 3,364,587 | (27,439) | 3,337,148 |
| Net asset value attributable to unitholders | | <u>1,000,118</u> | - | <u>1,000,118</u> | <u>1,025,064</u> | - | <u>1,025,064</u> |
| Actuarial liabilities | | 4,251,783 | (27,700) | 4,224,083 | 4,389,651 | (27,439) | 4,362,212 |
| Claims liabilities | | <u>78,826</u> | <u>(5,673)</u> | <u>73,153</u> | <u>70,992</u> | <u>(5,730)</u> | <u>65,262</u> |
| | | 4,330,609 | (33,373) | 4,297,236 | 4,460,643 | (33,169) | 4,427,474 |
| Life Participating Fund: | | | | | | | |
| - Unallocated deficit | | (59,959) | - | (59,959) | (89,362) | - | (89,362) |
| - Available-for-sale reserve | | 38,969 | - | 38,969 | 79,413 | - | 79,413 |
| - Asset revaluation reserve | | <u>20,990</u> | - | <u>20,990</u> | <u>20,990</u> | - | <u>20,990</u> |
| | | <u>4,330,609</u> | <u>(33,373)</u> | <u>4,297,236</u> | <u>4,471,684</u> | <u>(33,169)</u> | <u>4,438,515</u> |

ZURICH LIFE INSURANCE MALAYSIA BERHAD (8029-A)*(Formerly known as Zurich Insurance Malaysia Berhad)**(Incorporated in Malaysia)***NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS****16. 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 2017 | 2,738,422 | 1,630,382 | 4,368,804 | (7,230) | (16,267) | (23,497) | 4,345,307 |
| Benefit and claims experience variation | (115,746) | 11,218 | (104,528) | (3,135) | (807) | (3,942) | (108,470) |
| Change due to valuation basis: | | | | | | | |
| Model enhancement | - | - | - | - | - | - | - |
| Yield movement | - | 25,835 | 25,835 | - | - | - | 25,835 |
| Assumption changes | (5,002) | (6,757) | (11,759) | - | - | - | (11,759) |
| Net asset value attributable to unitholders | - | 111,299 | 111,299 | - | - | - | 111,299 |
| At 31 December 2017 | 2,617,674 | 1,771,977 | 4,389,651 | (10,365) | (17,074) | (27,439) | 4,362,212 |
| Benefit and claims experience variation | (108,266) | 16,920 | (91,346) | (2,210) | 1,949 | (261) | (91,607) |
| Change due to valuation basis: | | | | | | | |
| Model enhancement | - | - | - | - | - | - | - |
| Yield movement | - | (21,576) | (21,576) | - | - | - | (21,576) |
| Assumption changes | - | - | - | - | - | - | - |
| Net asset value attributable to unitholders | - | (24,946) | (24,946) | - | - | - | (24,946) |
| At 30 June 2018 | <u>2,509,408</u> | <u>1,742,375</u> | <u>4,251,783</u> | <u>(12,575)</u> | <u>(15,125)</u> | <u>(27,700)</u> | <u>4,224,083</u> |

Company No.

| | |
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| 8029 | A |
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ZURICH LIFE INSURANCE MALAYSIA BERHAD (8029-A)

(Formerly known as Zurich Insurance Malaysia Berhad)

(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

16. 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>Claims liabilities</u> | | | | | | | |
| At 1 January 2017 | 46,368 | 34,217 | 80,585 | (830) | (4,881) | (5,711) | 74,874 |
| Movement in claim provisions | (10,130) | 537 | (9,593) | 34 | (53) | (19) | (9,612) |
| At 31 December 2017 | 36,238 | 34,754 | 70,992 | (796) | (4,934) | (5,730) | 65,262 |
| Movement in claim provisions | 1,596 | 6,238 | 7,834 | 227 | (170) | 57 | 7,891 |
| At 30 June 2018 | 37,834 | 40,992 | 78,826 | (569) | (5,104) | (5,673) | 73,153 |

ZURICH LIFE INSURANCE MALAYSIA BERHAD (8029-A)*(Formerly known as Zurich Insurance Malaysia Berhad)**(Incorporated in Malaysia)***NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS****16. INSURANCE CONTRACT LIABILITIES (CONTINUED)****(a) Life Insurance (continued)**

| | 2018 | | | 2017 | | |
|---|---------------------|-------------------------|----------------|---------------------|-------------------------|----------------|
| | With DPF | Without DPF* | Total | With DPF | Without DPF* | Total |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| <u>Unallocated surplus/(deficit)</u> | | | | | | |
| At 1 January | (89,362) | 417,772 | 328,410 | (71,475) | 388,948 | 317,473 |
| Premium received | 75,306 | 278,512 | 353,818 | 174,122 | 547,806 | 721,928 |
| Payment due to death, surrenders, benefits and claims | (270,323) | (153,439) | (423,762) | (506,834) | (336,359) | (843,193) |
| Net investment income | 58,094 | (7,801) | 50,293 | 251,579 | 176,107 | 427,686 |
| Management expenses and commissions | (22,725) | (95,408) | (118,133) | (41,131) | (200,862) | (241,993) |
| Change in life insurance fund actuarial liabilities | 106,670 | 23,364 | 130,034 | 130,878 | (142,132) | (11,254) |
| Change in claims liabilities | 1,982 | (1,778) | 204 | 3,176 | 774 | 3,950 |
| Tax expense | (1,843) | (17,570) | (19,413) | (24,376) | (16,510) | (40,886) |
| Temporary funding from/(refund to) | | | | | | |
| Shareholders' Fund | 82,242 | - | 82,242 | (5,301) | - | (5,301) |
| Net surplus/(deficit) for the financial period/year | 29,403 | 25,880 | 55,283 | (17,887) | 28,824 | 10,937 |
| At 30 June/31 December | <u>(59,959)</u> | <u>443,652</u> | <u>383,693</u> | <u>(89,362)</u> | <u>417,772</u> | <u>328,410</u> |

*The unallocated surplus of the Life Non-Participating fund is reported under non-distributable retained earnings in the statement of changes in equity.

ZURICH LIFE INSURANCE MALAYSIA BERHAD (8029-A)*(Formerly known as Zurich Insurance Malaysia Berhad)**(Incorporated in Malaysia)***NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS****16. INSURANCE CONTRACT LIABILITIES (CONTINUED)****(a) Life Insurance (continued)**

| | 2018 | 2017 |
|---|-------------------|-------------------|
| | RM'000 | RM'000 |
| <u>Available-for-sale reserves</u> | | |
| At 1 January | 79,413 | 62,758 |
| Fair value change on available-for-sale financial assets, net of tax: | | |
| - Gross fair value change | (42,740) | 17,262 |
| - Deferred taxation | 2,296 | (607) |
| | <u>(40,444)</u> | <u>16,655</u> |
| At 30 June/31 December | <u>38,969</u> | <u>79,413</u> |
| | 30.06.2018 | 31.12.2017 |
| | RM'000 | RM'000 |
| Asset revaluation reserves | <u>20,990</u> | <u>20,990</u> |

ZURICH LIFE INSURANCE MALAYSIA BERHAD (8029-A)*(Formerly known as Zurich Insurance Malaysia Berhad)**(Incorporated in Malaysia)***NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS****16. INSURANCE CONTRACT LIABILITIES (CONTINUED)****(b) General Insurance – discontinued operations**

| | 31.12.2017 | | |
|--|-------------------|--------------------------|----------------|
| | Gross | Re- insurance | Net |
| | RM'000 | RM'000 | RM'000 |
| Provision for claims | 337,445 | (87,758) | 249,687 |
| Provision for incurred but not reported claims ("IBNR") | 196,057 | (45,869) | 150,188 |
| Claim liabilities | 533,502 | (133,627) | 399,875 |
| Premium liabilities | 308,531 | (67,416) | 241,115 |
| | <u>842,033</u> | <u>(201,043)</u> | <u>640,990</u> |

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

| | 2017 | | |
|---|----------------|--------------------------|----------------|
| | Gross | Re- insurance | Net |
| | RM'000 | RM'000 | RM'000 |
| <u>Claims liabilities</u> | | | |
| At 1 January | 496,671 | (89,889) | 406,782 |
| Claims incurred in the current accident year | 267,897 | (38,178) | 229,719 |
| Other movements in claims incurred in prior accident years | 55,135 | (9,950) | 45,185 |
| Claims paid during the financial year | (316,016) | 30,674 | (285,342) |
| Movement in IBNR reserves | 29,815 | (26,284) | 3,531 |
| At 31 December | <u>533,502</u> | <u>(133,627)</u> | <u>399,875</u> |
| <u>Premium liabilities</u> | | | |
| At 1 January | 293,316 | (57,947) | 235,369 |
| Premium written in the financial year | 661,108 | (125,808) | 535,300 |
| Premium earned during the financial year | (645,893) | 116,339 | (529,554) |
| At 31 December | <u>308,531</u> | <u>(67,416)</u> | <u>241,115</u> |

ZURICH LIFE INSURANCE MALAYSIA BERHAD (8029-A)*(Formerly known as Zurich Insurance Malaysia Berhad)**(Incorporated in Malaysia)***NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS****17. TOTAL CAPITAL AVAILABLE**

The regulated capital of the Company as at 30 June 2018 comprised capital available of RM1,967,275,000 (31 December 2017: RM2,282,519,000).

The capital structure of the Company as at 30 June 2018, as prescribed under the RBC Framework, is shown below:

| | 30.06.2018 | 31.12.2017 |
|---------------------------------------|-------------------------|-------------------------|
| | RM'000 | RM'000 |
| <u>Tier 1 Capital</u> | | |
| Paid-up share capital | 579,000 | 579,000 |
| Reserves, including retained earnings | 1,378,208 | 1,616,761 |
| | <u>1,957,208</u> | <u>2,195,761</u> |
| <u>Tier 2 Capital</u> | | |
| Assets revaluation reserves | 24,910 | 24,910 |
| Available-for-sale reserves | 38,661 | 95,142 |
| | <u>63,571</u> | <u>120,052</u> |
| Less: | | |
| Deferred tax assets | (53,504) | (33,294) |
| Total Capital Available | <u><u>1,967,275</u></u> | <u><u>2,282,519</u></u> |

18. CAPITAL AND OTHER COMMITMENTS

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

| | 30.06.2018 | 31.12.2017 |
|--------------------------------|-------------------|-------------------|
| | RM'000 | RM'000 |
| Authorised and contracted for: | | |
| - investment properties | <u>409</u> | <u>409</u> |

Company No.

| | |
|------|---|
| 8029 | A |
|------|---|

ZURICH LIFE INSURANCE MALAYSIA BERHAD (8029-A)

(Formerly known as Zurich Insurance Malaysia Berhad)

(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

19. LEASE COMMITMENTS

The lease commitments are in respect of rented premises and hire equipment, all of which are reclassified as operating leases. A summary of the non-cancellable long-term commitments is as follows:

| | 30.06.2018 | 31.12.2017 |
|----------------------------------|-------------------|-------------------|
| | RM'000 | RM'000 |
| Within one year | 14,663 | 8,807 |
| One year to less than five years | 17,158 | 5,689 |
| | <u>31,821</u> | <u>14,496</u> |

20. INSURANCE FUNDS

The Company's operating activities are organised by funds and segregated into Life insurance (including Unit-Linked business) and Shareholders' funds in accordance with the FSA.

The Company's General insurance fund had been classified as discontinued operation in the previous financial year pursuant to the event described in Note 9.

ZURICH LIFE INSURANCE MALAYSIA BERHAD (8029-A)*(Formerly known as Zurich Insurance Malaysia Berhad)**(Incorporated in Malaysia)***NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS****20. INSURANCE FUNDS (continued)****Unaudited Condensed Statement of Financial Position by Funds
As at 30 June 2018**

| | Life Fund RM'000 | Share- holders' Fund RM'000 | Total RM'000 |
|---|---------------------------------|--|-------------------------|
| Assets | | | |
| Property, plant and equipment | 15,880 | - | 15,880 |
| Intangible assets | 3,652 | - | 3,652 |
| Investment properties | 176,700 | 81,000 | 257,700 |
| Investments | 6,280,759 | 674,100 | 6,954,859 |
| AFS | 4,136,625 | 674,100 | 4,810,725 |
| FVTPL | 1,802,477 | - | 1,802,477 |
| LAR | 341,657 | - | 341,657 |
| Reinsurance assets | 33,373 | - | 33,373 |
| Insurance receivables | 28,499 | - | 28,499 |
| Other receivables | 44,529 | 1,069 | 45,598 |
| Tax recoverable | 5,328 | 4,909 | 10,237 |
| Deferred tax assets | - | 53,504 | 53,504 |
| Cash and cash equivalents | 274,487 | 14,026 | 288,513 |
| Non-current assets classified as held-for-sale | 550 | - | 550 |
| Total assets | 6,863,757 | 828,608 | 7,692,365 |
| Equity, policyholders' funds and liabilities | | | |
| Share capital | - | 579,000 | 579,000 |
| Retained earnings | 443,652 | 237,485 | 681,137 |
| Other reserves | 9,321 | 6,465 | 15,786 |
| Total equity | 452,973 | 822,950 | 1,275,923 |
| Insurance contract liabilities | 4,330,609 | - | 4,330,609 |
| Deferred tax liabilities | 128,045 | - | 128,045 |
| Other liabilities | 84,656 | 10,149 | 94,805 |
| Insurance payables | 1,849,123 | - | 1,849,123 |
| Current tax liabilities | 11,317 | 2,543 | 13,860 |
| Total liabilities | 6,403,750 | 12,692 | 6,416,442 |
| Total equity, policyholders' funds and liabilities | 6,856,723 | 835,642 | 7,692,365 |
| Inter-fund balances | 7,034 | (7,034) | - |

ZURICH LIFE INSURANCE MALAYSIA BERHAD (8029-A)*(Formerly known as Zurich Insurance Malaysia Berhad)**(Incorporated in Malaysia)***NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS****20. INSURANCE FUNDS (continued)****Unaudited Condensed Statement of Financial Position by Funds
As at 31 December 2017**

| | Continuing operations | | | Disposal group classified as held-for-sale |
|---|------------------------------|----------------------------|------------------|---|
| | Life Fund | Share-holders' Fund | Total | General Fund |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Assets | | | | |
| Property, plant and equipment | 17,186 | - | 17,186 | 5,564 |
| Intangible assets | 4,525 | - | 4,525 | 2,542 |
| Investment properties | 177,250 | 81,000 | 258,250 | 11,960 |
| Investments | 6,367,575 | 716,956 | 7,084,531 | 786,050 |
| AFS | 4,383,544 | 716,956 | 5,100,500 | 785,738 |
| FVTPL | 1,631,552 | - | 1,631,552 | - |
| LAR | 352,479 | - | 352,479 | 312 |
| Reinsurance assets | 33,169 | - | 33,169 | 201,043 |
| Insurance receivables | 31,879 | - | 31,879 | 69,790 |
| Other receivables | 22,223 | 264 | 22,487 | 61,290 |
| Tax recoverable | 4,796 | 4,909 | 9,705 | 1,202 |
| Deferred tax assets | - | 33,294 | 33,294 | - |
| Cash and cash equivalents | 256,436 | 15,028 | 271,464 | 56,570 |
| Assets held for distribution to the Shareholders | - | 106,300 | 106,300 | - |
| Total assets | 6,915,039 | 957,751 | 7,872,790 | 1,196,011 |
| Equity, policyholders' funds and liabilities | | | | |
| Share capital | - | 579,000 | 579,000 | - |
| Retained earnings | 417,772 | 515,045 | 932,817 | - |
| Other reserves | 27,836 | 8,384 | 36,220 | 9,646 |
| Total equity | 445,608 | 1,102,429 | 1,548,037 | 9,646 |
| Insurance contract liabilities | 4,471,684 | - | 4,471,684 | 842,033 |
| Deferred tax liabilities | 125,399 | - | 125,399 | 4,087 |
| Other liabilities | 75,941 | 1,119 | 77,060 | 97,243 |
| Insurance payables | 1,761,124 | - | 1,761,124 | 124,120 |
| Current tax liabilities | 5,503 | 2,509 | 8,012 | 356 |
| Total liabilities | 6,439,651 | 3,628 | 6,443,279 | 1,067,839 |
| Total equity, policyholders' funds and liabilities | 6,885,259 | 1,106,057 | 7,991,316 | 1,077,485 |
| Inter-fund balances | 29,780 | (148,306) | (118,526) | 118,526 |

ZURICH LIFE INSURANCE MALAYSIA BERHAD (8029-A)*(Formerly known as Zurich Insurance Malaysia Berhad)**(Incorporated in Malaysia)***NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS****20. INSURANCE FUNDS (continued)****Unaudited Condensed Statement of Profit or Loss by Funds
For the six months period ended 30 June 2018**

| | Life Fund | Share- holders' Fund | Total |
|--|----------------------|-------------------------------------|------------------|
| | RM'000 | RM'000 | RM'000 |
| Gross earned premiums | 382,190 | - | 382,190 |
| Premiums ceded to reinsurers | (28,372) | - | (28,372) |
| Net earned premiums | 353,818 | - | 353,818 |
| Investment income | 145,034 | 16,059 | 161,093 |
| Realised gains and losses | 10,842 | (15) | 10,827 |
| Fair value gains and losses | (105,583) | - | (105,583) |
| Fee and commission income | 609 | - | 609 |
| Other revenue | 50,902 | 16,044 | 66,946 |
| Total revenue | 404,720 | 16,044 | 420,764 |
| Gross benefits and claims paid | (450,236) | - | (450,236) |
| Claims ceded to reinsurers | 26,474 | - | 26,474 |
| Gross change to contract liabilities | 100,631 | - | 100,631 |
| Change in contract liabilities ceded to reinsurers | 204 | - | 204 |
| Net claims | (450,236) | - | (322,927) |
| Fee and commission expenses | (58,569) | - | (58,569) |
| Management expenses | (59,666) | (2,081) | (61,747) |
| Other operating expenses – net | (507) | (450) | (957) |
| Other expenses | (118,742) | (2,531) | (121,273) |
| Profit before taxation | (36,949) | 13,513 | (23,436) |
| Temporary funding from/(to) | 82,242 | (82,242) | - |
| Taxation | (19,413) | 15,961 | (3,452) |
| Net profit/(loss) for the financial period | 25,880 | (52,768) | (26,888) |

ZURICH LIFE INSURANCE MALAYSIA BERHAD (8029-A)*(Formerly known as Zurich Insurance Malaysia Berhad)**(Incorporated in Malaysia)***NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS****20. INSURANCE FUNDS (continued)****Unaudited Condensed Statement of Profit or Loss by Funds
For the six months period ended 30 June 2017**

| | Continuing operations | | | Dis-continued operations |
|--|------------------------------|----------------------------|------------------|---------------------------------|
| | Life Fund | Share-holders' Fund | Total | General Fund |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Gross earned premiums | 371,142 | - | 371,142 | 319,606 |
| Premiums ceded to reinsurers | (29,200) | - | (29,200) | (55,162) |
| Net earned premiums | 341,942 | - | 341,942 | 264,444 |
| Investment income | 147,192 | 17,710 | 164,902 | 10,722 |
| Realised gains and losses | 893 | (2) | 891 | 519 |
| Fair value gains and losses | 117,973 | (240) | 117,733 | (970) |
| Fee and commission income | 495 | - | 495 | 6,412 |
| Other revenue | 266,553 | 17,468 | 284,021 | 16,683 |
| Total revenue | 608,495 | 17,468 | 625,963 | 281,127 |
| Gross benefits and claims paid | (555,073) | - | (555,073) | (146,215) |
| Claims ceded to reinsurers | 22,566 | - | 22,566 | 13,785 |
| Gross change to contract liabilities | 73,985 | - | 73,985 | (7,601) |
| Change in contract liabilities ceded to reinsurers | 98 | - | 98 | 10,031 |
| Net claims | (458,424) | - | (458,424) | (130,000) |
| Fee and commission expenses | (57,478) | - | (57,478) | (34,808) |
| Management expenses | (60,322) | (2,909) | (63,231) | (76,081) |
| Other operating (expenses)/income – net | (4,659) | (773) | (5,432) | 1,101 |
| Other expenses | (122,459) | (3,682) | (126,141) | (109,788) |
| Profit before taxation | 27,612 | 13,786 | 41,398 | 41,339 |
| Transfer from General Insurance | - | 30,774 | 30,774 | (30,774) |
| Temporary funding (to)/from | (23,412) | 23,412 | - | - |
| Taxation | (11,286) | (9,603) | (20,889) | (10,565) |
| Net (loss)/profit for the financial period | (7,086) | 58,369 | 51,283 | - |

ZURICH LIFE INSURANCE MALAYSIA BERHAD (8029-A)*(Formerly known as Zurich Insurance Malaysia Berhad)**(Incorporated in Malaysia)***NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS****20. INSURANCE FUNDS (continued)****Investment-linked Fund****Unaudited Condensed Statement of Financial Position As At 30 June 2018**

| | 30.06.2018 | 31.12.2017 |
|--|-------------------|-------------------|
| | RM'000 | RM'000 |
| Assets | | |
| Investments | | |
| FVTPL | 920,378 | 954,920 |
| Other receivables | 4,510 | 3,905 |
| Tax recoverable | 1,376 | - |
| Cash and cash equivalents | 94,180 | 81,535 |
| Total assets | 1,020,444 | 1,040,360 |
| Liabilities | | |
| Deferred tax liabilities | 4,732 | 7,464 |
| Other liabilities | 10,535 | 3,343 |
| Current tax liabilities | - | 77 |
| Total liabilities | 15,267 | 10,884 |
| Inter-fund balances | 5,059 | 4,412 |
| Net asset value attributable to unitholders (Note 16) | 1,000,118 | 1,025,064 |

Investment-linked Fund**Unaudited Condensed Statement of Profit or Loss****For the six months period ended 30 June 2018**

| | 6 months ended | 6 months ended |
|--|-----------------------|-----------------------|
| | 30.06.2018 | 30.06.2017 |
| | RM'000 | RM'000 |
| Investment income | 16,246 | 15,855 |
| Fair value gains and losses | (57,652) | 63,331 |
| | (41,406) | 79,186 |
| Fee and commission expenses | (8,102) | (6,977) |
| Management expenses | (23) | (17) |
| Other operating income/(expenses) – net | 916 | (3,795) |
| (Deficit)/surplus before taxation | (48,615) | 68,397 |
| Taxation | 4,157 | (5,238) |
| (Deficit)/surplus after taxation for the financial period | (44,458) | 63,159 |

Company No.

| | |
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| 8029 | A |
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ZURICH LIFE INSURANCE MALAYSIA BERHAD (8029-A)

(Formerly known as Zurich Insurance Malaysia Berhad)

(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

21. SIGNIFICANT EVENT DURING THE FINANCIAL PERIOD

On 1 January 2018, the assets and liabilities of the General insurance and certain assets of the Shareholders' fund comprising bonds and cash was transferred to Zurich General Insurance Malaysia Berhad ("ZGIMB") in accordance with the Business Transfer Scheme between the Company and ZGIMB which was approved and confirmed by the High Court of Malaya on 5 December 2017 in accordance with the FSA.

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