

**HONG LEONG ASSURANCE BERHAD**  
(Company No. 94613-X)  
(Incorporated in Malaysia)

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2014**

**HONG LEONG ASSURANCE BERHAD**

(Company No.94613-X)

(Incorporated in Malaysia)

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**HONG LEONG ASSURANCE BERHAD**

(Company No.94613-X)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2014**

	Note	31.12.2014 RM'000	30.6.2014 RM'000
<b>Assets</b>			
Property, plant and equipment		90,269	90,476
Intangible assets		3,865	4,110
Investment properties		241,760	241,760
Financial assets	3	10,898,131	9,534,526
- Held-to-maturity financial assets	3(a)	576,207	576,151
- Available-for-sale financial assets	3(b)	8,124,849	7,314,271
- Fair value through profit or loss financial assets	3(c)	995,558	933,177
- Loans and receivables	3(d)	1,201,517	710,927
Derivative assets		804	1,212
Reinsurance assets	5	63,981	37,346
Insurance receivables		99,581	111,398
Other receivables		22,930	42,684
Non-current assets held-for-sale		429	60
Cash and cash equivalents		987,814	1,676,061
<b>Total assets</b>		<b>12,409,564</b>	<b>11,739,633</b>
<b>Equity, policyholders' fund and liabilities</b>			
Share capital		200,000	200,000
Reserves		1,099,798	1,037,848
<b>Total equity</b>		<b>1,299,798</b>	<b>1,237,848</b>
Insurance contract liabilities	6	8,871,211	8,360,774
Deferred tax liabilities		180,429	181,079
Tax payables		14,051	16,616
Insurance payables		1,407,440	1,273,312
Other payables		108,284	157,921
Derivative liabilities		21,236	5,242
Subordinated notes		507,115	506,841
<b>Total policyholders' fund and liabilities</b>		<b>11,109,766</b>	<b>10,501,785</b>
<b>Total equity, policyholders' fund and liabilities</b>		<b>12,409,564</b>	<b>11,739,633</b>

*The accompanying notes form an integral part of the financial statements.*

**HONG LEONG ASSURANCE BERHAD**

(Company No.94613-X)

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**UNAUDITED CONDENSED STATEMENT OF INCOME  
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2014**

	<b>6 months ended 31.12.2014 RM'000</b>	<b>6 months ended 31.12.2013 RM'000</b>
Gross earned premiums	1,236,382	1,108,543
Premiums ceded to reinsurers	(35,769)	(33,120)
<b>Net earned premiums</b>	<b>1,200,613</b>	<b>1,075,423</b>
Investment income	262,649	224,452
Realised gains	19,755	35,355
Fair value (losses)/gains	(68,679)	18,294
Fees and commission income	1,061	1,294
Other operating income-net	271	246
<b>Other revenue</b>	<b>215,057</b>	<b>279,641</b>
Gross benefits and claims paid	(512,302)	(466,114)
Claims ceded to reinsurers	29,618	40,613
Gross change to contract liabilities	(557,258)	(531,860)
Change in contract liabilities ceded to reinsurers	128	(95)
<b>Net benefits and claims</b>	<b>(1,039,814)</b>	<b>(957,456)</b>
Fees and commission expense	(183,948)	(179,733)
Management expenses	(61,170)	(52,494)
<b>Other expenses</b>	<b>(245,118)</b>	<b>(232,227)</b>
Finance cost	(11,431)	(11,431)
Surplus before taxation	119,307	153,950
Tax expense attributable to participating fund and unitholders	(9,359)	(11,620)
<b>Profit before taxation attributable to shareholders</b>	<b>109,948</b>	<b>142,330</b>
Taxation	(31,054)	(40,579)
Tax expense attributable to participating fund and unitholders	9,359	11,620
Taxation attributable to shareholders	(21,695)	(28,959)
<b>Net profit for the financial period</b>	<b>88,253</b>	<b>113,371</b>
<b>Earnings per share (sen)</b>	<b>44.13</b>	<b>56.69</b>

*The accompanying notes form an integral part of the financial statements.*

**HONG LEONG ASSURANCE BERHAD**

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(Incorporated in Malaysia)

**UNAUDITED CONDENSED STATEMENT OF OTHER COMPREHENSIVE INCOME  
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2014**

	<b>6 months ended 31.12.2014 RM'000</b>	<b>6 months ended 31.12.2013 RM'000</b>
<b>Net profit for the financial period</b>	88,253	113,371
<b>Other comprehensive income</b>		
<u>Items that may be subsequently reclassified to profit or loss</u>		
Fair value changes on available-for-sale financial assets, net of deferred tax:		
Gross fair value (losses)/gains arising during the financial period	(56,574)	43,264
Gross fair value gains transferred to income statement	(34,167)	(45,314)
	<u>(90,741)</u>	<u>(2,050)</u>
Tax effects thereon	12,430	(1,008)
	<u>(78,311)</u>	<u>(3,058)</u>
Net fair value losses		
Change in insurance contract liabilities arising from net fair value gains	52,008	7,785
	<u>(26,303)</u>	<u>4,727</u>
<b>Total comprehensive income for the financial period</b>	<u><u>61,950</u></u>	<u><u>118,098</u></u>

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**HONG LEONG ASSURANCE BERHAD**

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**UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY  
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2014**

	Issued and fully paid ordinary shares of RM1 each		Non-distributable		Distributable	Total
	No. of shares '000	Share capital RM'000	Fair value reserve RM'000	*Retained earnings RM'000	Retained earnings RM'000	
At 1 July 2013	200,000	200,000	99,070	430,818	376,684	1,106,572
Total comprehensive income for the financial period	-	-	4,727	104,135	9,236	118,098
Dividend paid during the financial period	-	-	-	-	(86,250)	(86,250)
At 31 December 2013	<u>200,000</u>	<u>200,000</u>	<u>103,797</u>	<u>534,953</u>	<u>299,670</u>	<u>1,138,420</u>
At 1 July 2014	200,000	200,000	96,931	561,046	379,871	1,237,848
Total comprehensive income for the financial period	-	-	(26,303)	77,096	11,157	61,950
At 31 December 2014	<u>200,000</u>	<u>200,000</u>	<u>70,628</u>	<u>638,142</u>	<u>391,028</u>	<u>1,299,798</u>

\* Non-distributable retained earnings comprise surplus of contracts without discretionary participation features, net of deferred tax, which is attributable wholly to the shareholders and the amount and timing of the distribution to the shareholders is subject to the recommendation of the Company's appointed actuary.

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**HONG LEONG ASSURANCE BERHAD**

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**UNAUDITED CONDENSED STATEMENT OF CASH FLOWS  
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2014**

	<b>6 months ended 31.12.2014 RM'000</b>	<b>6 months ended 31.12.2013 RM'000</b>
<b>Operating activities</b>		
Net profit for the financial period	88,253	113,371
Adjustments for:		
Investment income recorded in income statement	(43,678)	(205,043)
Realised gains recorded in income statement	(34,167)	(45,314)
Fair value losses/(gains) recorded in income statement	181,432	(7,494)
Foreign exchange gains	(42,879)	(28,415)
Proceeds from sale of fair value through profit or loss financial assets	156,149	146,629
Maturity of fair value through profit or loss financial assets	36,002	9,085
Purchase of fair value through profit or loss financial assets	(336,287)	(207,148)
Proceeds from sale of available-for-sale financial assets	426,576	576,706
Maturity of available-for-sale financial assets	283,454	162,489
Purchase of available-for-sale financial assets	(1,584,621)	(1,348,937)
Proceeds from sale of held-to-maturity financial assets	(56)	25,426
Purchase of held-to-maturity financial assets	-	(200,000)
Proceeds from realisation of derivatives	17,961	13,594
(Increase)/decrease in loan and receivables	(509,491)	481,084
Finance costs	11,431	11,431
Cash proceeds from disposal of non-current asset held-for-sale	(369)	-
	<u>(1,438,543)</u>	<u>(615,907)</u>
<b>Non-cash items:</b>		
Depreciation of property, plant and equipment	2,819	2,469
Gains on disposal of property, plant and equipment	(73)	-
Amortisation of intangible assets	869	643
Impairment on available-for-sale financial assets	-	3,700
Tax expense	31,011	40,579
	<u>34,626</u>	<u>47,391</u>

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**UNAUDITED CONDENSED STATEMENT OF CASH FLOWS  
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2014 (CONT'D)**

	<b>6 months ended 31.12.2014 RM'000</b>	<b>6 months ended 31.12.2013 RM'000</b>
<b>Changes in working capital:</b>		
Increase in reinsurance assets	(26,635)	(27,289)
Decrease/(increase) in insurance receivables	11,817	(934)
Increase in other receivables	(102,757)	(6,069)
Increase in insurance contract liabilities	510,437	527,504
Increase in insurance payables	134,128	134,433
Decrease in other payables	(49,637)	(52,059)
	<u>477,353</u>	<u>575,586</u>
Cash (used in)/generated from operating activities	(838,311)	120,441
Dividend income received	59,149	57,825
Interest income received	114,647	168,544
Rental income received	8,313	8,821
Income taxes paid	(21,168)	(13,955)
Net cash (outflow)/inflow from operating activities	<u>(677,370)</u>	<u>341,676</u>
<b>Investing activities</b>		
Purchase of property, plant and equipment	(2,539)	(2,100)
Purchase of intangible assets	(624)	(144)
Net cash outflow from investing activities	<u>(3,163)</u>	<u>(2,244)</u>
<b>Financing activities</b>		
Dividends paid	-	(86,250)
Interest paid on subordinated notes	(11,157)	(11,210)
Net cash outflow from financing activities	<u>(11,157)</u>	<u>(97,460)</u>
Effect of exchange rate changes on cash and cash equivalents	3,443	(667)
Net (decrease)/increase in cash and cash equivalents	(688,247)	241,305
Cash and cash equivalents at beginning of the financial period	<u>1,676,061</u>	<u>1,330,745</u>
<b>Cash and cash equivalents at end of the financial period</b>	<u><u>987,814</u></u>	<u><u>1,572,050</u></u>



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**UNAUDITED CONDENSED STATEMENT OF CASH FLOWS  
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2014 (CONT'D)**

	<b>6 months ended 31.12.2014 RM'000</b>	<b>6 months ended 31.12.2013 RM'000</b>
<b>Cash and cash equivalents comprise:</b>		
Cash and bank balances	49,554	44,483
Fixed and call deposits with maturity of less than 3 months		
- Licensed financial institutions	938,260	1,527,567
	<u>987,814</u>	<u>1,572,050</u>

*The accompanying notes form an integral part of the financial statements.*

## HONG LEONG ASSURANCE BERHAD

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### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

#### 1. BASIS OF PREPARATION

The condensed interim financial statements for the six months ended 31 December 2014 of Hong Leong Assurance Berhad ("the Company") are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standard ("MFRS") 134: Interim Financial Reporting and should be read in conjunction with the Company's audited financial statements for the financial year ended 30 June 2014, which were prepared in accordance with the Malaysian Financial Reporting Standards.

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and presentation adopted by the Company for the condensed interim financial statements are consistent with those adopted in the Company's audited financial statements for the financial year ended 30 June 2014, except for the adoption of the following:

##### MFRS/Interpretations

- Amendments to MFRS 10 "Consolidated Financial Statements" - Investment
- Amendments to MFRS 12 "Disclosures of Interests in Other Entities"  
- Investment Entities
- Amendments to MFRS 127 "Separate Financial Statements" - Investment Entities
- Amendments to MFRS 132 "Financial Instruments: Presentation" - Offsetting  
Financial Assets and Financial Liabilities
- Amendments to MFRS 136 "Recoverable Amount Disclosures for Non-Financial  
Assets"
- Amendments to MFRS 139 "Financial Instruments: Recognition and Measurement"  
- Novation of Derivatives and Continuation of Hedge  
Accounting
- IC Interpretation 21 "Levies"
- Annual Improvements to MFRs 2010-2012 Cycle
- Annual Improvements to MFRs 2011-2013 Cycle

The adoption of the above amendments to MFRSs, IC Interpretation and Annual Improvements to MFRSs are not expected to have significant financial impact to the financial statements of the Company.

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS****3. FINANCIAL ASSETS**

	<b>31.12.2014</b>	<b>30.6.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Malaysian Government Securities and other Government guaranteed assets	1,536,965	1,201,116
Debt securities	5,410,912	4,968,399
Equity securities	1,940,024	2,020,668
Unit and property trust funds	703,317	538,470
Structured investments	2,832	2,865
Loans	672,693	654,958
Deposits with financial institutions	631,388	148,050
	<u>10,898,131</u>	<u>9,534,526</u>

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

Held-to-maturity financial assets ("HTM")	576,207	576,151
Available-for-sale financial assets ("AFS")	8,124,849	7,314,271
Fair value through profit and loss financial assets ("FVTPL")	995,558	933,177
Loans and receivables ("LAR")	1,201,517	710,927
	<u>10,898,131</u>	<u>9,534,526</u>

**(a) HTM**

	<b>31.12.2014</b>	<b>30.6.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At amortised cost:</b>		
Debt securities		
- Unquoted in Malaysia	576,207	576,151
	<u>576,207</u>	<u>576,151</u>
<b>At fair value:</b>		
Debt securities		
- Unquoted in Malaysia	585,485	578,774
	<u>585,485</u>	<u>578,774</u>

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS****3. FINANCIAL ASSETS (CONT'D)****(b) AFS**

	<b>31.12.2014</b>	<b>30.6.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At fair value:</b>		
Malaysian Government Securities and other Government guaranteed assets	1,536,965	1,196,181
Debt securities		
- Unquoted in Malaysia	4,335,402	3,929,760
- Unquoted outside Malaysia	313,187	321,459
Equity securities		
- Quoted in Malaysia *	1,129,507	1,179,641
- Unquoted in Malaysia	2,147	2,147
- Quoted outside Malaysia	255,148	230,386
Unit trusts		
- Quoted in Malaysia	112,541	116,680
- Quoted outside Malaysia	16,477	-
- Unquoted in Malaysia	423,475	338,017
	<u>8,124,849</u>	<u>7,314,271</u>

\* Includes Hong Leong Financial Group Berhad ("HLFG") ordinary shares held by AmTrustee Berhad for the ESOS scheme by HLFGB.

There is no new option granted during the financial period ended 31.12.2014 and 30.06.2014.

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS****3 . FINANCIAL ASSETS (CONT'D)****(c) FVTPL**

	<b>31.12.2014</b>	<b>30.6.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At fair value:</b>		
Malaysian Government Securities and other Government guaranteed assets	-	4,935
Debt securities		
- Unquoted in Malaysia	162,987	138,034
- Unquoted outside Malaysia	23,129	2,995
Equity securities		
- Quoted in Malaysia	471,992	541,367
- Quoted outside Malaysia	81,230	67,127
Unit trusts		
- Quoted in Malaysia	14,403	14,015
- Quoted outside Malaysia	2,354	3,567
- Unquoted in Malaysia	134,067	66,191
Structured investments		
- Unquoted in Malaysia	2,832	2,865
Fixed and call deposits		
- Licensed financial institutions	102,564	92,081
	<u>995,558</u>	<u>933,177</u>

**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS**

**3 . FINANCIAL ASSETS (CONT'D)**

**(d) LAR**

	<b>31.12.2014</b>	<b>30.6.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At cost:</b>		
Fixed and call deposits		
- Licensed financial institutions	528,824	55,969
Policy loans	32,476	31,649
Premium loans	640,217	623,309
	<u>1,201,517</u>	<u>710,927</u>
<b>At fair value:</b>		
Fixed and call deposits		
- Licensed financial institutions	528,824	55,969
Policy loans	32,476	31,649
Premium loans	640,217	623,309
	<u>1,201,517</u>	<u>710,927</u>

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS****4 . FAIR VALUE HIERARCHY**

The table below analyses those financial instruments carried at fair value by their valuation method.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	<b>Financial assets</b>			<b>Derivatives</b>
	<b>AFS</b>	<b>FVTPL</b>	<b>Total</b>	
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>31.12.2014</b>				
Level 1	1,513,673	569,979	2,083,652	-
Level 2	6,609,029	425,579	7,034,608	804
Level 3	2,147	-	2,147	-
	<u>8,124,849</u>	<u>995,558</u>	<u>9,120,407</u>	<u>804</u>
<b>30.6.2014</b>				
Level 1	1,526,707	626,076	2,152,783	-
Level 2	5,785,417	307,101	6,092,518	1,212
Level 3	2,147	-	2,147	-
	<u>7,314,271</u>	<u>933,177</u>	<u>8,247,448</u>	<u>1,212</u>

There is no transfer between Level 1 and Level 2 of the fair value hierarchy during the current financial period. There is also no movement in Level 3 of the fair value hierarchy during the current financial period.

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS****5 . REINSURANCE ASSETS**

	<b>31.12.2014</b>	<b>30.6.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Reinsurance of insurance contracts	63,981	37,346

**6 . INSURANCE CONTRACT LIABILITIES**

	<b>Gross</b>		<b>Reinsurance</b>		<b>Net</b>	
	<b>31.12.2014</b>	<b>30.6.2014</b>	<b>31.12.2014</b>	<b>30.6.2014</b>	<b>31.12.2014</b>	<b>30.6.2014</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Provision for outstanding claims	92,518	87,320	(53,604)	(27,097)	38,914	60,223
Actuarial liabilities	7,092,464	6,658,583	(10,377)	(10,249)	7,082,087	6,648,334
Unallocated surplus	441,110	368,938	-	-	441,110	368,938
AFS fair value reserves	161,682	213,690	-	-	161,682	213,690
Net asset value attributable to unitholders (Note 9)	1,083,437	1,032,243	-	-	1,083,437	1,032,243
Life insurance contract liabilities	8,871,211	8,360,774	(63,981)	(37,346)	8,807,230	8,323,428



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**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS****6 . INSURANCE CONTRACT LIABILITIES (CONT'D)**

	<b>Gross</b>			<b>Reinsurance</b>			<b>Net</b>
	<b>With DPF RM'000</b>	<b>Without DPF RM'000</b>	<b>Total RM'000</b>	<b>With DPF RM'000</b>	<b>Without DPF RM'000</b>	<b>Total RM'000</b>	<b>RM'000</b>
At 1 July 2013	5,686,571	1,503,454	7,190,025	(11,904)	(38,642)	(50,546)	7,139,479
Projected change for inforce policies at 30 June 2013	669,740	13,316	683,056	-	1,252	1,252	684,308
Experience variance	186,996	(11,160)	175,836	-	670	670	176,506
New business	102,567	41,857	144,424	-	(1,495)	(1,495)	142,929
Discount rate change	(24,732)	(62,959)	(87,691)	-	145	145	(87,546)
Adjustment due to changes in assumptions:							
Mortality and morbidity	(4,106)	(2,299)	(6,405)	-	2,911	2,911	(3,494)
Lapse rate	(8,815)	35,597	26,782	-	(846)	(846)	25,936
Policy expenses and inflation	(21,587)	7,378	(14,209)	-	(355)	(355)	(14,564)
Other assumptions	-	(44)	(44)	-	-	-	(44)
Other changes	(165)	(13,521)	(13,686)	-	(519)	(519)	(14,205)
Change in provision for outstanding claims	(6,017)	12,688	6,671	5,569	5,868	11,437	18,108
Change in net asset value attributable to unitholders	-	202,780	202,780	-	-	-	202,780
Change in AFS fair value reserves	(727)	-	(727)	-	-	-	(727)
Change in unallocated surplus	53,962	-	53,962	-	-	-	53,962
At 30 June 2014	<u>6,633,687</u>	<u>1,727,087</u>	<u>8,360,774</u>	<u>(6,335)</u>	<u>(31,011)</u>	<u>(37,346)</u>	<u>8,323,428</u>

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS****6 . INSURANCE CONTRACT LIABILITIES (CONT'D)**

	<b>Gross</b>			<b>Reinsurance</b>			<b>Net</b>
	<b>With DPF RM'000</b>	<b>Without DPF RM'000</b>	<b>Total RM'000</b>	<b>With DPF RM'000</b>	<b>Without DPF RM'000</b>	<b>Total RM'000</b>	<b>RM'000</b>
At 1 July 2014	6,633,687	1,727,087	8,360,774	(6,335)	(31,011)	(37,346)	8,323,428
Projected change for inforce policies at 30 June 2014	403,157	3,311	406,468	-	728	728	407,196
Experience variance	9,502	(16,112)	(6,610)	-	(129)	(129)	(6,739)
New business	31,800	15,307	47,107	-	(727)	(727)	46,380
Discount rate change	(4,300)	(9,271)	(13,571)	-	-	-	(13,571)
Adjustment due to changes in assumptions:							
Other changes	196	291	487	-	-	-	487
Change in provision for outstanding claims	501	4,697	5,198	(3,931)	(22,576)	(26,507)	(21,309)
Change in net asset value attributable to unitholders	-	51,194	51,194	-	-	-	51,194
Change in AFS fair value reserves	(52,008)	-	(52,008)	-	-	-	(52,008)
Change in unallocated surplus	72,172	-	72,172	-	-	-	72,172
At 31 December 2014	<u>7,094,707</u>	<u>1,776,504</u>	<u>8,871,211</u>	<u>(10,266)</u>	<u>(53,715)</u>	<u>(63,981)</u>	<u>8,807,230</u>

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS****7. TOTAL CAPITAL AVAILABLE**

The capital structure of the Company as at the date of the statement of financial position, consisting of all funds as prescribed under the RBC Framework is provided below:

	<b>31.12.2014</b>	<b>30.6.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Eligible Tier 1 capital</b>		
- Share capital (paid up)	200,000	200,000
- Reserves, including retained earnings	3,327,728	3,103,001
<b>Eligible Tier 2 capital</b>		
- Eligible reserves	739,809	820,009
	<u>4,267,537</u>	<u>4,123,010</u>

The Company has met the minimum capital requirements specified in the RBC Framework for the financial period ended 31.12.2014 and 30.6.2014.

**8. CAPITAL COMMITMENTS**

Capital expenditure approved by Directors but not provided for in the financial statements are as follows:

	<b>31.12.2014</b>	<b>30.6.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Authorised and contracted for:		
- Property, plant and equipment	941	1,175
- Intangible assets	188	298
	<u>1,129</u>	<u>1,473</u>

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS****9 . INSURANCE FUNDS**

The Company's activities are organised by funds and segregated into the Life Fund and Shareholders' Fund ("SHF") in accordance with the Financial Services Act, 2013. The Company's statement of financial position and income statement have been further analysed by funds which include the Life Fund ("LF"), Investment-linked Fund ("ILF") and the SHF. The Life insurance business offers a wide range of participating and non-participating Whole Life, Term Assurance, Endowment and Unit-linked products.

**UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION BY FUNDS  
AS AT 31 DECEMBER 2014**

	<u>SHF</u>	<u>LF</u>	<u>ILF</u>	<u>Inter-fund elimination</u>	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Assets</b>					
Property, plant and equipment	2,094	88,175	-	-	90,269
Intangible assets	-	3,865	-	-	3,865
Investment properties	-	241,760	-	-	241,760
Financial assets	1,091,617	8,821,022	985,492	-	10,898,131
- HTM financial assets	-	576,207	-	-	576,207
- AFS financial assets	1,091,585	7,033,264	-	-	8,124,849
- HFT financial assets	-	20,092	975,466	-	995,558
- Loans and receivables	32	1,191,459	10,026	-	1,201,517
Derivative assets	2	417	385	-	804
Reinsurance assets	-	63,981	-	-	63,981
Insurance receivables	-	99,581	-	-	99,581
Other receivables	827,790	15,487	751	(821,098)	22,930
Non-current assets held-for-sale	429	-	-	-	429
Cash and cash equivalents	47,842	834,027	105,945	-	987,814
<b>Total assets</b>	<u>1,969,774</u>	<u>10,168,315</u>	<u>1,092,573</u>	<u>(821,098)</u>	<u>12,409,564</u>

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS****9 . INSURANCE FUNDS (CONT'D)****UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION BY FUNDS  
AS AT 31 DECEMBER 2014 (CONT'D)**

	<b>SHF</b>	<b>LF</b>	<b>ILF</b>	<b>Inter-fund elimination</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Equity, policyholders' fund and liabilities</b>					
Share capital	200,000	-	-	-	200,000
Reserves	1,099,798	-	-	-	1,099,798
<b>Total equity</b>	<b>1,299,798</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,299,798</b>
Insurance contract liabilities	-	7,787,773	1,083,438	-	8,871,211
Deferred tax liabilities	159,791	18,218	2,420	-	180,429
Tax payables	730	9,789	3,532	-	14,051
Insurance payables	-	1,407,440	-	-	1,407,440
Other payables	1,903	926,099	1,380	(821,098)	108,284
Derivative liabilities	437	18,996	1,803	-	21,236
Subordinated notes	507,115	-	-	-	507,115
<b>Total policyholders' fund and liabilities</b>	<b>669,976</b>	<b>10,168,315</b>	<b>1,092,573</b>	<b>(821,098)</b>	<b>11,109,766</b>
<b>Total equity, policyholders' fund and liabilities</b>	<b>1,969,774</b>	<b>10,168,315</b>	<b>1,092,573</b>	<b>(821,098)</b>	<b>12,409,564</b>

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS****9 . INSURANCE FUNDS (CONT'D)****CONDENSED STATEMENT OF FINANCIAL POSITION BY FUNDS  
AS AT 30 JUNE 2014**

	<b>SHF</b>	<b>LF</b>	<b>ILF</b>	<b>Inter-fund elimination</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Assets</b>					
Property, plant and equipment	2,485	87,991	-	-	90,476
Intangible assets	-	4,110	-	-	4,110
Investment properties	-	241,760	-	-	241,760
Financial assets	1,005,692	7,595,657	933,177	-	9,534,526
- HTM financial assets	-	576,151	-	-	576,151
- AFS financial assets	1,005,661	6,308,610	-	-	7,314,271
- HFT financial assets	-	-	933,177	-	933,177
- Loans and receivables	31	710,896	-	-	710,927
Derivative assets	98	694	420	-	1,212
Reinsurance assets	-	37,346	-	-	37,346
Insurance receivables	-	111,398	-	-	111,398
Other receivables	822,685	33,870	3,118	(816,989)	42,684
Non-current assets held-for-sale	60	-	-	-	60
Cash and cash equivalents	72,517	1,493,126	110,418	-	1,676,061
<b>Total assets</b>	<b>1,903,537</b>	<b>9,605,952</b>	<b>1,047,133</b>	<b>(816,989)</b>	<b>11,739,633</b>

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS****9 . INSURANCE FUNDS (CONT'D)****CONDENSED STATEMENT OF FINANCIAL POSITION BY FUNDS  
AS AT 30 JUNE 2014 (CONT'D)**

	<u>SHF</u>	<u>LF</u>	<u>ILF</u>	<u>Inter-fund elimination</u>	<u>Total</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<b>Equity, policyholders' fund and liabilities</b>					
Share capital	200,000	-	-	-	200,000
Reserves	1,037,848	-	-	-	1,037,848
<b>Total equity</b>	<u>1,237,848</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,237,848</u>
Insurance contract liabilities	-	7,328,531	1,032,243	-	8,360,774
Deferred tax liabilities	150,319	21,004	9,756	-	181,079
Tax payables	7,696	6,199	2,721	-	16,616
Insurance payables	-	1,273,312	-	-	1,273,312
Other payables	833	971,698	2,379	(816,989)	157,921
Derivative liabilities	-	5,208	34	-	5,242
Subordinated notes	506,841	-	-	-	506,841
<b>Total policyholders' fund and liabilities</b>	<u>665,689</u>	<u>9,605,952</u>	<u>1,047,133</u>	<u>(816,989)</u>	<u>10,501,785</u>
<b>Total equity, policyholders' fund and liabilities</b>	<u>1,903,537</u>	<u>9,605,952</u>	<u>1,047,133</u>	<u>(816,989)</u>	<u>11,739,633</u>

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS****9 . INSURANCE FUNDS (CONT'D)****UNAUDITED CONDENSED INCOME STATEMENT BY FUND  
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2014**

	SHF	LF	ILF	Inter-fund elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Gross earned premiums	-	1,078,384	157,998	-	1,236,382
Premiums ceded to reinsurers	-	(35,769)	-	-	(35,769)
<b>Net earned premiums</b>	-	1,042,615	157,998	-	1,200,613
Investment income	25,684	221,916	15,049	-	262,649
Realised (losses)/gains	(2,553)	6,119	16,189	-	19,755
Fair value gains/(losses)	1,369	21,772	(91,820)	-	(68,679)
Fees and commission income	-	6,762	-	(5,701)	1,061
Other operating income-net	31	240	-	-	271
<b>Other revenue</b>	24,531	256,809	(60,582)	(5,701)	215,057
Gross benefits and claims paid	-	(466,346)	(45,956)	-	(512,302)
Claims ceded to reinsurers	-	29,618	-	-	29,618
Gross change to contract liabilities	-	(506,054)	(51,204)	-	(557,258)
Change in contract liabilities ceded to reinsurers	-	128	-	-	128
<b>Net claims</b>	-	(942,654)	(97,160)	-	(1,039,814)
Fees and commission expense	(201)	(183,747)	(5,701)	5,701	(183,948)
Management expenses	(130)	(61,040)	-	-	(61,170)
<b>Other expenses</b>	(331)	(244,787)	(5,701)	5,701	(245,118)
Finance costs	(11,431)	-	-	-	(11,431)
Profit/(loss) from operation	12,769	111,983	(5,445)	-	119,307
<b>Profit/(loss) before taxation</b>	12,769	111,983	(5,445)	-	119,307
Taxation	(18,536)	(17,963)	5,445	-	(31,054)
<b>Net (loss)/profit for the financial period</b>	(5,767)	94,020	-	-	88,253



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**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS****9 . INSURANCE FUNDS (CONT'D)****UNAUDITED CONDENSED INCOME STATEMENT BY FUND  
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2013**

	SHF	LF	ILF	Inter-fund elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Gross earned premiums	-	997,723	110,820	-	1,108,543
Premiums ceded to reinsurers	-	(33,120)	-	-	(33,120)
<b>Net earned premiums</b>	-	964,603	110,820	-	1,075,423
Investment income	19,082	190,380	14,990	-	224,452
Realised gains	4,610	14,657	16,088	-	35,355
Fair value gains	496	5,724	12,074	-	18,294
Fees and commission income	-	6,362	-	(5,068)	1,294
Other operating income-net	31	215	-	-	246
<b>Other revenue</b>	24,219	217,338	43,152	(5,068)	279,641
Gross benefits and claims paid	-	(437,475)	(28,639)	-	(466,114)
Claims ceded to reinsurers	-	40,613	-	-	40,613
Gross change to contract liabilities	-	(414,592)	(117,268)	-	(531,860)
Change in contract liabilities ceded to reinsurers	-	(95)	-	-	(95)
<b>Net claims</b>	-	(811,549)	(145,907)	-	(957,456)
Fees and commission expense	21	(179,754)	(5,068)	5,068	(179,733)
Management expenses	(131)	(52,362)	(1)	-	(52,494)
<b>Other expenses</b>	(110)	(232,116)	(5,069)	5,068	(232,227)
Finance costs	(11,431)	-	-	-	(11,431)
<b>Profit before taxation</b>	12,678	138,276	2,996	-	153,950
Taxation	(26,301)	(11,282)	(2,996)	-	(40,579)
<b>Net (loss)/profit for the financial period</b>	(13,623)	126,994	-	-	113,371

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS**

**10 . ITEMS OF AN UNUSUAL NATURE**

The results of the Company for the financial period under review were not substantially affected by any item, transaction or event of a material and unusual nature.

**11 . CHANGES IN ESTIMATE**

There were no material changes in the basis used for accounting estimates for the financial period ended 31 December 2014.

**12 . SEASONAL OR CYCLICAL FACTORS**

The operations of the Company for the financial period under review were not significantly affected by seasonality or cyclical factors.

**13 . CHANGES IN CONTINGENT LIABILITIES**

There were no material contingent liabilities as at the date of the Report.

**14 . DEBTS AND EQUITY SECURITIES**

There were no issuances, cancellation, repurchases, resale and repayment of debt and equity securities during the financial period ended 31 December 2014.

**15 . SUBSEQUENT EVENTS**

There were no material events subsequent to the end of the financial period under review that have not been reported in the Report.

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS****16 . DIRECTORS' REMUNERATION**

	<b>6 months ended 31.12.2014 RM'000</b>	<b>6 months ended 31.12.2013 RM'000</b>
<b>Executive:</b>		
-Wages, salaries and bonuses	630	600
-Defined contribution retirement plan	101	96
-Other employee benefits	18	13
	<hr/> 749	<hr/> 709
<b>Non-executive:</b>		
Fees	223	300
	<hr/> 972	<hr/> 1,009
	<hr/> <hr/>	<hr/> <hr/>

The remuneration, including benefits-in-kind, attributable to the Company's Chief Executive Officer, during the financial period ended 31 December 2014 amounted to RM768,504 (2013: RM721,692).

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS****17 . INVESTMENT-LINKED FUND**

The statement of financial position and statement of comprehensive income of Investment-linked funds have been adjusted for the following assets, liabilities and net asset value of HLA Dana Suria Fund which has been eliminated as the fund invested 50% in HLA Venture Dana Putra during the financial period:

	<b>6 months ended 31.12.2014 RM'000</b>	<b>6 months ended 31.12.2013 RM'000</b>
<b><u>Statement of financial position</u></b>		
<b>Assets</b>		
Financial assets - FVTPL financial assets	5,116	20
Deferred tax assets	43	-
Total assets/net asset value	<u>5,159</u>	<u>20</u>
<b><u>Statement of comprehensive income</u></b>		
Gross/Net earned premiums	-	20
Realised losses	(23)	-
Fair value losses	(511)	-
<b>Other revenue</b>	<u>(534)</u>	<u>20</u>
Gross benefits and claims paid	(29)	-
Gross change to contract liabilities	520	(20)
<b>Net claims</b>	<u>491</u>	<u>(20)</u>
<b>Loss before taxation</b>	(43)	-
Taxation	43	-
<b>Net profit for the financial period</b>	<u>-</u>	<u>-</u>