

Company No.

277714	A
--------	---

GIBRALTAR BSN LIFE BERHAD
(Incorporated in Malaysia)

FINANCIAL STATEMENTS

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018

Company No.

277714	A
--------	---

GIBRALTAR BSN LIFE BERHAD
(Incorporated in Malaysia)

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018**

CONTENT	PAGE(S)
Unaudited condensed interim statement of financial position	1 – 2
Unaudited condensed interim statement of income	3
Unaudited condensed interim statement of other comprehensive income	4
Unaudited condensed interim statement of changes in equity	5
Unaudited condensed interim statement of cash flows	6
Notes to the condensed interim financial statements	7 – 25

Company No.

277714	A
--------	---

GIBRALTAR BSN LIFE BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	<u>Note</u>	<u>30.06.2018</u> RM'000	<u>31.12.2017</u> RM'000
ASSETS			
Properties and equipment		9,415	10,421
Investment property		5,500	5,500
Intangible assets		8,036	9,255
Prepaid lease property		230	231
Investments	7	2,203,237	2,237,072
Held-to-maturity financial assets ("HTM")	7(a)	296,011	296,435
Loans and receivables ("LAR")	7(b)	201,617	184,640
Available-for-sale financial assets ("AFS")	7(c)	1,263,715	1,277,285
Fair value through profit and loss financial assets ("FVTPL")	7(d)	441,894	478,712
Reinsurance assets	8	16,197	16,045
Insurance receivables	9	8,360	7,970
Other receivables	10	17,319	15,351
Cash and cash equivalents		7,710	6,179
TOTAL ASSETS		<u><u>2,276,004</u></u>	<u><u>2,308,024</u></u>

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

Company No.

277714	A
--------	---

GIBRALTAR BSN LIFE BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018 (CONTINUED)

	<u>Note</u>	<u>30.06.2018</u> RM'000	<u>31.12.2017</u> RM'000
EQUITY AND LIABILITIES			
Share capital	11	125,000	125,000
Retained earnings	12 (a)	236,301	234,365
Available-for-sale fair value reserves	12 (b)	(3,602)	(585)
Asset revaluation reserves	12 (b)	318	318
TOTAL EQUITY		<u>358,017</u>	<u>359,098</u>
Insurance contract liabilities	13	1,799,754	1,808,763
Deferred tax liabilities		32,621	36,225
Insurance payables	14	58,743	62,368
Current tax payable		1,992	972
Other payables	15	24,877	40,598
TOTAL LIABILITIES		<u>1,917,987</u>	<u>1,948,926</u>
TOTAL EQUITY AND LIABILITIES		<u>2,276,004</u>	<u>2,308,024</u>

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

Company No.

277714	A
--------	---

GIBRALTAR BSN LIFE BERHAD
(Incorporated in Malaysia)

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

	6 months ended 30.06.2018 <u>RM'000</u>	6 months ended 30.06.2017 <u>RM'000</u>
Operating revenue	<u>196,259</u>	<u>202,269</u>
Gross premiums	147,848	153,160
Premiums ceded to reinsurers	<u>(6,132)</u>	<u>(5,336)</u>
Net premiums	<u>141,716</u>	<u>147,824</u>
Investment income	48,411	49,109
Realised (losses)/gains	(3,776)	10,517
Fair value (losses)/gains	(30,539)	41,160
Other operating income	<u>1,072</u>	<u>1,155</u>
Other income	<u>15,168</u>	<u>101,941</u>
Gross benefits and claims	(107,078)	(106,822)
Claims ceded to reinsurers	2,561	3,142
Gross change in contract liabilities	21,294	(84,068)
Change in contract liabilities ceded to reinsurers	<u>(990)</u>	<u>54</u>
Net insurance benefits and claims	<u>(84,213)</u>	<u>(187,694)</u>
Fee and commission expenses	(8,594)	(5,485)
Management expenses	<u>(60,586)</u>	<u>(62,401)</u>
Other expenses	<u>(69,180)</u>	<u>(67,886)</u>
Profit/(loss) before taxation	3,491	(5,815)
Tax expense/(benefit) attributable to participating fund and unit holders	<u>743</u>	<u>(4,316)</u>
Profit/(loss) before tax attributable to shareholders	4,234	(10,131)
Tax expenses	<u>(1,555)</u>	<u>(2,352)</u>
Tax expense/(benefit) attributable to participating fund and unit holders	<u>(743)</u>	<u>4,316</u>
Tax expense/(benefit) attributable to shareholders	(2,298)	1,964
Profit/(loss) for the financial period	<u>1,936</u>	<u>(8,167)</u>
Basic earning/(loss) per share (sen)	<u>1.55</u>	<u>(6.53)</u>

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

Company No.

277714	A
--------	---

GIBRALTAR BSN LIFE BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED INTERIM STATEMENT OF OTHER
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
Profit/(loss) for the financial period	1,936	(8,167)
Other comprehensive (loss)/income:		
<u>Item that may be subsequently reclassified to statement of income:</u>		
Available-for-sale fair value reserves		
- Gross fair value changes	(8,320)	(1,022)
- Taxation	1,365	181
Change in insurance contract liabilities arising from		
- Unrealised fair value changes	4,280	447
- Taxation	(342)	(36)
	<u>(3,017)</u>	<u>(430)</u>
<u>Item that may not be subsequently reclassified to statement of income:</u>		
Taxation	-	33
	<u>-</u>	<u>33</u>
Total comprehensive loss for the financial period	<u>(1,081)</u>	<u>(8,564)</u>

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

Company No.	
277714	A

GIBRALTAR BSN LIFE BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018

	Non-distributable				Distributable	Total RM'000
	Share capital RM'000	Assets revaluation reserves RM'000	Available for-sale fair value reserves RM'000	Life non participating surplus * RM'000	Retained earnings RM'000	
As at 1 January 2018	125,000	318	(585)	147,673	86,692	359,098
Other comprehensive loss for the financial period	-	-	(3,017)	-	-	(3,017)
Profit for the financial period	-	-	-	1,381	555	1,936
At 30 June 2018	<u>125,000</u>	<u>318</u>	<u>(3,602)</u>	<u>149,054</u>	<u>87,247</u>	<u>358,017</u>
As at 1 January 2017	125,000	2,625	(832)	193,908	84,063	404,764
Reclassification of asset revaluation reserves to retained earnings	-	(2,307)	-	2,307	-	-
Other comprehensive income for the financial year	-	-	247	-	-	247
(Loss)/profit for the financial year	-	-	-	(48,542)	2,629	(45,913)
At 31 December 2017	<u>125,000</u>	<u>318</u>	<u>(585)</u>	<u>147,673</u>	<u>86,692</u>	<u>359,098</u>

* The Life non-participating surplus amount is net of deferred tax. This amount is restricted for distribution until the actual recommended transfer from the life fund into the shareholders fund by the Appointed Actuary in accordance with the Financial Services Act, 2013.

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

Company No.

277714	A
--------	---

GIBRALTAR BSN LIFE BERHAD
(Incorporated in Malaysia)

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

	Note	6 months ended 30.06.2018 RM'000	6 months ended 30.06.2017 RM'000
OPERATING ACTIVITIES			
Cash used in operating activities	16	(42,838)	(58,632)
Dividend income received		4,949	5,515
Interest/profit income received		43,151	41,926
Rental income on investment property received		234	87
Income tax paid		(2,625)	-
Net cash flow generated from/(used in) operating activities		<u>2,871</u>	<u>(11,104)</u>
INVESTING ACTIVITIES			
Proceeds from disposal of properties and equipment		106	1
Proceeds from disposal of intangible assets		105	-
Purchase of properties and equipment		(849)	(1,288)
Purchase of intangible assets		(702)	(849)
Net cash flow used in investing activities		<u>(1,340)</u>	<u>(2,136)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
		1,531	(13,240)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR			
		6,179	28,373
CASH AND CASH EQUIVALENTS AT END OF PERIOD			
		<u>7,710</u>	<u>15,133</u>
Cash and cash equivalents comprise:			
Cash and bank balances		<u>7,710</u>	<u>15,133</u>
		<u>7,710</u>	<u>15,133</u>

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

GIBRALTAR BSN LIFE BERHAD
(Incorporated in Malaysia)

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018**

1 PRINCIPAL ACTIVITIES AND CORPORATE INFORMATION

The condensed interim financial statements for the six months ended 30 June 2018 are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standard (“MFRS”) 134 – Interim Financial Reporting. The condensed interim financial statements should be read in conjunction with the audited annual financial statements for the financial year ended 31 December 2017, which have been prepared in accordance with the MFRSs, International Financial Reporting Standards and comply with the requirements of the Companies Act 2016 in Malaysia.

The explanatory notes attached to the condensed interim financial statements provide an explanation of the events and transactions that are significant to an understanding of the changes in the financial position and performance of the Company since the financial year ended 31 December 2017.

a) SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the 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:

<u>MFRSs/Interpretations</u>	<u>Effective Date</u>
• Annual Improvements to MFRS 1 ‘First-time Adoption of Malaysian Financial Reporting Standards’	1 January 2018
• Amendments to MFRS 2 ‘Classification and Measurement of Share-based Payment Transactions’	1 January 2018
• Annual Improvements to MFRS 128 ‘Investments in Associates and Joint Ventures’	1 January 2018
• Amendments to MFRS 140 ‘Clarification on ‘Change in Use’ - Assets transferred to, or from, Investment Properties’	1 January 2018
• IC Interpretation 22 ‘Foreign Currency Transactions and Advance Consideration’	1 January 2018
• MFRS 15 ‘Revenue from Contracts with Customers’	1 January 2018
• MFRS 9 ‘Financial Instruments’	1 January 2018 *
• Amendments to MFRS 4 ‘Applying MFRS 9 ‘Financial Instruments’ with MFRS 4 ‘Insurance Contracts’	1 January 2018 *

* The Company’s business activity is predominately insurance and hence, qualifies for the temporary exemption approach for amendments to MFRS 4. 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 revised standards, amendments and interpretation did not have any significant financial impact to the condensed interim financial statements of the Company.

Company No.

277714	A
--------	---

GIBRALTAR BSN LIFE BERHAD
(Incorporated in Malaysia)

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018 (CONTINUED)**

2 SEASONAL OR CYCLICAL FACTORS

The business and operations of the Company was not materially affected by seasonal or cyclical factors during the interim financial period.

3 UNUSUAL ITEMS

There were no unusual items affecting the assets, liabilities, equity, net income, or cash flows of the Company since the last audited annual financial statements.

4 MATERIAL CHANGES IN ESTIMATES

There was no material changes in the basis used for the accounting estimates in the interim financial period.

5 DIVIDENDS

No dividend has been paid or declared by the Company during the interim financial period.

6 CHANGES IN THE COMPOSITION OF THE COMPANY

There were no changes in the composition of the Company during the interim financial period.

GIBRALTAR BSN LIFE BERHAD
(Incorporated in Malaysia)

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018 (CONTINUED)**

7	INVESTMENTS	<u>30.06.2018</u> RM'000	<u>31.12.2017</u> RM'000
	Malaysian Government Securities	40,793	46,477
	Malaysian government guaranteed bonds	625,401	600,158
	Debt securities	909,353	943,147
	Equity securities	328,619	362,388
	Unit trust and property trust funds	97,454	100,262
	Loans	59,163	59,846
	Fixed and call deposits	142,454	124,794
		<u>2,203,237</u>	<u>2,237,072</u>
	Held-to-maturity financial assets ("HTM")	296,011	296,435
	Loans and receivables ("LAR")	201,617	184,640
	Available-for-sale financial assets ("AFS")	1,263,715	1,277,285
	Fair value through profit and loss financial assets ("FVTPL")	441,894	478,712
		<u>2,203,237</u>	<u>2,237,072</u>
	The following investments mature after 12 months:		
	HTM	280,656	296,336
	LAR	59,162	59,846
	AFS	1,149,279	1,198,517
		<u>1,489,097</u>	<u>1,554,699</u>
(a)	HTM	<u>30.06.2018</u> RM'000	<u>31.12.2017</u> RM'000
	<u>Amortised cost</u>		
	Unquoted in Malaysia		
	Malaysian government guaranteed bonds	10,016	10,016
	Debt securities	282,165	282,503
	Accrued interest	3,830	3,916
		<u>296,011</u>	<u>296,435</u>
	<u>Fair value</u>		
	Unquoted in Malaysia		
	Malaysian government guaranteed bonds	9,636	9,707
	Debt securities	285,226	287,495
	Accrued interest	3,830	3,916
		<u>298,692</u>	<u>301,118</u>

Company No.

277714	A
--------	---

GIBRALTAR BSN LIFE BERHAD
(Incorporated in Malaysia)

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018 (CONTINUED)**

7 INVESTMENTS (CONTINUED)

(b) LAR

	<u>30.06.2018</u>	<u>31.12.2017</u>
	RM'000	RM'000
<u>Amortised cost</u>		
Fixed and call deposits	142,178	124,596
Policy loans	45,841	46,652
Accrued interest	13,598	13,392
	<u>201,617</u>	<u>184,640</u>
 <u>Fair value</u>		
Fixed and call deposits	142,178	124,596
Policy loans	45,841	46,652
Accrued interest	13,598	13,392
	<u>201,617</u>	<u>184,640</u>

Fixed and call deposits of the Company have an average maturity of 15 days (31.12.2017: 16 days). The interest rate per annum of fixed deposits, that was effective as at the end of the reporting period was 3.29% per annum. (31.12.2017: 3.05% per annum)

(c) AFS

	<u>30.06.2018</u>	<u>31.12.2017</u>
	RM'000	RM'000
<u>Fair value</u>		
Unquoted in Malaysia		
Equity securities	2,401	2,401
Debt securities	599,043	631,523
Malaysian Government Securities	40,267	45,862
Malaysian government guaranteed bonds	608,676	583,638
Accrued interest	13,328	13,861
	<u>1,263,715</u>	<u>1,277,285</u>

Company No.

277714	A
--------	---

GIBRALTAR BSN LIFE BERHAD
(Incorporated in Malaysia)

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018 (CONTINUED)**

7 INVESTMENTS (CONTINUED)

(d) FVTPL

	<u>30.06.2018</u>	<u>31.12.2017</u>
	RM'000	RM'000
<u>Fair value</u>		
Quoted in Malaysia		
Held-for-Trading		
Equity securities	215,472	233,138
Unit trust and property trust funds	65,274	63,576
By designation		
Equity securities	105,313	118,766
Unit trust and property trust funds	149	231
Quoted outside Malaysia		
By designation		
Equity securities	5,434	8,082
Unquoted in Malaysia		
By designation		
Debt securities	17,994	18,240
Accrued interest	227	224
Unquoted outside Malaysia		
By designation		
Unit trust and property trust funds	32,031	36,455
	<u>441,894</u>	<u>478,712</u>

GIBRALTAR BSN LIFE BERHAD
(Incorporated in Malaysia)

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018 (CONTINUED)**

7 INVESTMENTS (CONTINUED)

(e) Carrying value of financial investments

	<u>HTM</u> RM'000	<u>AFS</u> RM'000	<u>FVTPL</u> RM'000	<u>Total</u> RM'000
At 1 January 2018	296,435	1,277,285	478,712	2,052,432
Purchases	-	35,113	209,893	245,006
Maturities/disposals/proceeds	-	(40,000)	(212,370)	(252,370)
Realised gains/(losses)	-	5	(3,806)	(3,801)
Fair value losses recorded in:				
Statement of income	-	-	(30,539)	(30,539)
Other comprehensive income	-	(8,320)	-	(8,320)
(Amortisation of premium)/ accretion of discount	(338)	165	-	(173)
Movement of investment income accrued	(86)	(533)	4	(615)
At 30 June 2018	<u>296,011</u>	<u>1,263,715</u>	<u>441,894</u>	<u>2,001,620</u>
At 1 January 2017	307,493	1,150,693	395,325	1,853,511
Purchases	-	194,831	385,668	580,499
Maturities/disposals/proceeds	(10,505)	(70,000)	(358,950)	(439,455)
Realised gains/(losses)	341	(1)	25,899	26,239
Fair value gains/(losses) recorded in:				
Statement of income	-	-	30,593	30,593
Other comprehensive income	-	(46)	-	(46)
(Amortisation of premium)/ accretion of discount	(645)	578	-	(67)
Movement of investment income accrued	(249)	1,230	177	1,158
At 31 December 2017	<u>296,435</u>	<u>1,277,285</u>	<u>478,712</u>	<u>2,052,432</u>

GIBRALTAR BSN LIFE BERHAD
(Incorporated in Malaysia)

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018 (CONTINUED)**

7 INVESTMENTS (CONTINUED)

(f) Estimation of fair value

Fair value hierarchy disclosure

The following table presents the Company's assets that are measured at fair value.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000
<u>30 June 2018</u>				
Financial assets at FVTPL				
Quoted in Malaysia				
Equity securities	320,785	-	-	320,785
Unit trust and property trust funds	65,423	-	-	65,423
Quoted outside Malaysia				
Equity securities	5,434	-	-	5,434
Unquoted in Malaysia				
Debt securities	-	18,221	-	18,221
Unquoted outside Malaysia				
Unit trust and property trust funds	-	32,031	-	32,031
AFS				
Unquoted in Malaysia				
Equity securities	-	-	2,401	2,401
Debt securities	-	590,637	8,406	599,043
Malaysia Government Securities	-	40,267	-	40,267
Malaysia government guaranteed bonds	-	608,676	-	608,676
Accrued interest	-	13,328	-	13,328
Total assets	<u>391,642</u>	<u>1,303,160</u>	<u>10,807</u>	<u>1,705,609</u>
<u>31 December 2017</u>				
Financial assets at FVTPL				
Quoted in Malaysia				
Equity securities	351,904	-	-	351,904
Unit trust and property trust funds	63,807	-	-	63,807
Quoted outside Malaysia				
Equity securities	8,082	-	-	8,082
Unquoted in Malaysia				
Debt securities	-	18,464	-	18,464
Unquoted outside Malaysia				
Unit trust and property trust funds	-	36,455	-	36,455
AFS				
Unquoted in Malaysia				
Equity securities	-	-	2,401	2,401
Debt securities	-	713,694	8,047	721,741
Malaysia Government Securities	-	64,592	-	64,592
Malaysia government guaranteed bonds	-	474,690	-	474,690
Accrued interest	-	13,861	-	13,861
Total assets	<u>423,793</u>	<u>1,321,756</u>	<u>10,448</u>	<u>1,755,997</u>

Company No.

277714	A
--------	---

GIBRALTAR BSN LIFE BERHAD
(Incorporated in Malaysia)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018 (CONTINUED)

7 INVESTMENTS (CONTINUED)

(f) Estimation of fair value (continued)

Fair value hierarchy disclosure (continued)

	<u>30.06.2018</u> RM'000	<u>31.12.2017</u> RM'000
<u>Level 3</u>		
Opening balance	10,448	9,630
Total gains for the period/year recognised in statement of income, presented in insurance contract liabilities	<u>359</u>	<u>818</u>
Closing balance	<u><u>10,807</u></u>	<u><u>10,448</u></u>

8 REINSURANCE ASSETS

	<u>30.06.2018</u> RM'000	<u>31.12.2017</u> RM'000
Reinsurance of insurance contracts (Note 13)		
Claims liabilities	8,445	7,304
Insurance contract liabilities	<u>7,752</u>	<u>8,741</u>
	<u><u>16,197</u></u>	<u><u>16,045</u></u>

Company No.

277714	A
--------	---

GIBRALTAR BSN LIFE BERHAD
(Incorporated in Malaysia)

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018 (CONTINUED)**

9 INSURANCE RECEIVABLES

	<u>30.06.2018</u> RM'000	<u>31.12.2017</u> RM'000
Outstanding premiums including agents, brokers and co-insurers balances	4,895	5,393
Amounts due from reinsurers	3,471	2,583
Allowance for impairment	(6)	(6)
	<u>8,360</u>	<u>7,970</u>
<u>Impairment movement</u>		
Opening balance	(6)	(2)
Change for the financial period	-	(4)
Closing balance	<u>(6)</u>	<u>(6)</u>

The Company does not off-set its insurance receivables against insurance payables. The Company does not have any financial instruments subject to an enforceable master netting arrangement or financial collateral (pledged or received) as at 30 June 2018 (31.12.2017: RM nil).

10 OTHER RECEIVABLES

	<u>30.06.2018</u> RM'000	<u>31.12.2017</u> RM'000
Income due and accrued	999	242
Receivable from fund managers and brokers	11,941	11,422
Other receivables, deposits and prepayments	4,379	3,687
	<u>17,319</u>	<u>15,351</u>
Receivables after 12 months:	<u>731</u>	<u>631</u>

The Company does not off-set its other receivables against other payables. The Company does not have any financial instruments subject to an enforceable master netting arrangement or financial collateral (pledged or received) as at 30 June 2018 (31.12.2017: RM nil).

Company No.

277714	A
--------	---

GIBRALTAR BSN LIFE BERHAD
(Incorporated in Malaysia)

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018 (CONTINUED)**

11 SHARE CAPITAL

	30.06.2018		31.12.2017	
	Number of shares	Nominal value	Number of shares	Nominal value
	'000	RM'000	'000	RM'000
<u>Issued and fully paid:</u>				
Ordinary shares of RM1.00 each				
At beginning and end of financial period/year	<u>125,000</u>	<u>125,000</u>	<u>125,000</u>	<u>125,000</u>

12 RESERVES

(a) Retained earnings

The non-distributable retained earnings represent the unallocated surplus from the Non-Par Fund. In accordance with Section 83 of the FSA, the unallocated surplus is only available for distribution to the shareholders upon approval/recommendation by the Appointed Actuary.

Pursuant to the single tier system, any dividends distributed by the Company will be exempted from tax in the hand of shareholders. The Company shall not be entitled to deduct on dividend paid, credited or distributed to shareholders.

The Company may distribute single tier exempt dividend to its shareholders out of its retained earnings. Pursuant to Section 51(1) of the FSA, the Company is required to obtain BNM's written approval prior to declaring or paying any dividend with effect from financial year 1 January 2014. Pursuant to the RBC Framework for Insurers, the Company shall not pay dividends if its Capital Adequacy position is less than its internal target capital level or if the payment of dividend would impair its Capital Adequacy Ratio position to below its internal target.

(b) Other reserves

Other reserves consist of AFS reserves and asset revaluation reserve.

The AFS reserves of the Company represent the fair value gains or losses of the AFS financial assets, net of deferred tax, of the Life Non-Participating and Shareholders' funds.

The assets revaluation reserve represents the revaluation surplus of self-occupied properties.

Company No.

277714	A
--------	---

GIBRALTAR BSN LIFE BERHAD
(Incorporated in Malaysia)

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018 (CONTINUED)**

13 **INSURANCE CONTRACT LIABILITIES**

	30.06.2018			31.12.2017		
	Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000
Benefits and claims liabilities	214,393	(8,445)	205,948	198,172	(7,304)	190,868
Actuarial liabilities	1,407,525	(7,752)	1,399,773	1,403,993	(8,741)	1,395,252
Unallocated surplus	5,406	-	5,406	12,963	-	12,963
Available-for-sale fair value reserves	(4,976)	-	(4,976)	(1,038)	-	(1,038)
Asset revaluation reserves	3,752	-	3,752	3,752	-	3,752
Net asset value attributable to unit holders	<u>173,654</u>	<u>-</u>	<u>173,654</u>	<u>190,921</u>	<u>-</u>	<u>190,921</u>
	<u>1,799,754</u>	<u>(16,197)</u>	<u>1,783,557</u>	<u>1,808,763</u>	<u>(16,045)</u>	<u>1,792,718</u>

Company No.

277714

A

GIBRALTAR BSN LIFE BERHAD

(Incorporated in Malaysia)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018 (CONTINUED)

13 INSURANCE CONTRACT LIABILITIES (CONTINUED)

	Gross			Reinsurance			Net
	With DPF	Without DPF	Total	With DPF	Without DPF	Total	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2018	1,065,376	743,387	1,808,763	(2,026)	(14,019)	(16,045)	1,792,718
Change in life insurance fund contract liabilities							
Due to assumptions change							
Expenses	-	-	-	-	-	-	-
Mortality/morbidity	-	-	-	-	-	-	-
Lapse/withdrawal	-	-	-	-	-	-	-
Interest and bonus rate	(6)	(13,635)	(13,641)	-	-	-	(13,641)
Others	(656)	181	(475)	-	-	-	(475)
Projected cash flow for inforce policies							
Premium	52,042	52,336	104,378	-	-	-	104,378
Investment return	21,630	7,375	29,005	-	-	-	29,005
Benefits	(46,374)	(41,468)	(87,842)	-	-	-	(87,842)
Expenses/commission	(6,341)	(18,719)	(25,060)	-	-	-	(25,060)
Variance on inforce policies	559	77	636	-	-	-	636
New business reserves	180	7,078	7,258	-	-	-	7,258
Others	(8,344)	(2,383)	(10,727)	72	917	989	(9,738)
Benefits and claims experience variation	12,631	3,590	16,221	(68)	(1,073)	(1,141)	15,080
Net asset value attributable to unit holders	-	(17,267)	(17,267)	-	-	-	(17,267)
Available-for-sale fair value reserves	(4,280)	-	(4,280)	-	-	-	(4,280)
Assets revaluation reserves	-	-	-	-	-	-	-
Unallocated surplus	(7,557)	-	(7,557)	-	-	-	(7,557)
Deferred tax effects:							
Available-for-sale fair value reserves	342	-	342	-	-	-	342
At 30 June 2018	<u>1,079,202</u>	<u>720,552</u>	<u>1,799,754</u>	<u>(2,022)</u>	<u>(14,175)</u>	<u>(16,197)</u>	<u>1,783,557</u>

Note: DPF: Discretionary Participation Features

GIBRALTAR BSN LIFE BERHAD

(Incorporated in Malaysia)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018 (CONTINUED)

13 INSURANCE CONTRACT LIABILITIES (CONTINUED)

	Gross			Reinsurance			Net
	With DPF	Without DPF	Total	With DPF	Without DPF	Total	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2017	963,395	665,902	1,629,297	(1,837)	(17,629)	(19,466)	1,609,831
Change in life insurance fund contract liabilities							
Due to assumptions change							
Expenses	19,608	48,578	68,186	-	-	-	68,186
Mortality/morbidity	91	(14,724)	(14,633)	-	-	-	(14,633)
Lapse/withdrawal	4,238	5,532	9,770	-	-	-	9,770
Interest and bonus rate	(5,454)	15,342	9,888	-	-	-	9,888
Others	(2,305)	(9,012)	(11,317)	-	-	-	(11,317)
Projected cash flow for inforce policies							
Premium	100,672	95,105	195,777	-	-	-	195,777
Investment return	41,116	12,385	53,501	-	-	-	53,501
Benefits	(84,079)	(75,726)	(159,805)	-	-	-	(159,805)
Expenses/commission	(13,228)	(31,154)	(44,382)	-	-	-	(44,382)
Variance on inforce policies	13,579	2,688	16,267	-	-	-	16,267
New business reserves	640	6,243	6,883	-	-	-	6,883
Others	2,791	5,205	7,996	(215)	1,976	1,761	9,757
Benefits and claims experience variation	25,248	2,861	28,109	26	1,634	1,660	29,769
Net asset value attributable to unit holders	-	14,162	14,162	-	-	-	14,162
Available-for-sale fair value reserves	(382)	-	(382)	-	-	-	(382)
Assets revaluation reserves	(8,345)	-	(8,345)	-	-	-	(8,345)
Unallocated surplus	7,326	-	7,326	-	-	-	7,326
Deferred tax effects:							
Available-for-sale fair value reserves	31	-	31	-	-	-	31
Assets revaluation reserves	434	-	434	-	-	-	434
At 31 December 2017	<u>1,065,376</u>	<u>743,387</u>	<u>1,808,763</u>	<u>(2,026)</u>	<u>(14,019)</u>	<u>(16,045)</u>	<u>1,792,718</u>

Company No.

277714	A
--------	---

GIBRALTAR BSN LIFE BERHAD
(Incorporated in Malaysia)

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018 (CONTINUED)**

14 INSURANCE PAYABLES

	<u>30.06.2018</u>	<u>31.12.2017</u>
	RM'000	RM'000
Amount due to insureds	45,577	55,034
Amount owing to client and intermediaries	3,717	3,822
Amount owing to reinsurers and cedants	9,449	3,512
	<u>58,743</u>	<u>62,368</u>

The carrying amounts disclosed above approximate fair value at the statement of financial position date.

The Company does not off-set its insurance payables against insurance receivables. The Company does not have any financial instruments subject to an enforceable master netting arrangement or financial collateral (pledged or received) as at 30 June 2018 (31.12.2017: RM nil).

15 OTHER PAYABLES

	<u>30.06.2018</u>	<u>31.12.2017</u>
	RM'000	RM'000
Accrued expenses	10,343	9,754
Provision for bonus	5,717	10,242
Unclaimed monies	2,945	6,058
Payable to investment brokers	-	1,640
Agency related expenses accrued	2,385	1,895
Marketing related expenses accrued	1,158	3,962
Provision for policy settlement	1,010	787
Other payables and accruals	920	5,899
Director related expenses accrued	399	361
	<u>24,877</u>	<u>40,598</u>

The carrying amounts disclosed above approximate fair value at the statement of financial position date.

The Company does not off-set its other payables against other receivables. The Company does not have any financial instruments subject to an enforceable master netting arrangement or financial collateral (pledged or received) as at 30 June 2018 (31.12.2017: RM nil).

Company No.

277714	A
--------	---

GIBRALTAR BSN LIFE BERHAD
(Incorporated in Malaysia)

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018 (CONTINUED)**

16 CASH FLOWS

	Financial period from 01.01.2018 to 30.06.2018 RM'000	Financial period from 01.01.2017 to 30.06.2017 RM'000
Profit/(loss) for the financial period	1,936	(8,167)
Tax expense attributable to participating fund and unit holders	(743)	4,316
Tax expense attributable to shareholders	2,298	(1,964)
Investment income	(48,411)	(49,109)
Realised losses/(gains) recorded in statement of income	3,776	(10,517)
Fair value losses/(gains) recorded in statement of income	30,539	(41,160)
Purchases of FVTPL financial assets	(209,893)	(152,266)
Maturity/proceeds from sale of FVTPL financial assets	212,370	152,197
Purchases of AFS financial assets	(35,113)	(75,129)
Maturity/proceeds from sale of AFS financial assets	40,000	20,000
Maturity of HTM financial assets	-	10,505
(Increase)/decrease in LAR	(16,771)	5,010
Non-cash items:		
Depreciation of properties and equipment	1,855	1,685
Amortisation of intangible assets	1,921	1,754
Amortisation of prepaid lease property	1	2
Changes in working capital:		
(Increase)/decrease in reinsurance assets	(152)	3,028
(Increase)/decrease in insurance receivables	(390)	3,962
(Increase)/decrease in other receivables	(3,209)	23,440
Decrease in tax payables	-	603
(Decrease)/increase in insurance contract liabilities	(1,828)	100,127
Decrease in insurance payables	(3,625)	(19,656)
Decrease in other payables	(17,399)	(27,293)
Cash used in operating activities	<u>(42,838)</u>	<u>(58,632)</u>

Company No.

277714	A
--------	---

GIBRALTAR BSN LIFE BERHAD
(Incorporated in Malaysia)

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018 (CONTINUED)**

17 CAPITAL COMMITMENTS

As of 30 June 2018, capital expenditures approved by Directors but not provided for in the financial statements are as follows:

	<u>30.06.2018</u> RM'000	<u>31.12.2017</u> RM'000
Authorised and contracted but not provided for:		
Computer hardware and software	1,088	1,304
Properties and equipment	4,150	59
	<u>5,238</u>	<u>1,363</u>
Approved and not contracted for:		
Computer hardware and software	2,678	1,189
Properties and equipment	286	305
	<u>2,964</u>	<u>1,494</u>

18 REGULATORY CAPITAL REQUIREMENTS

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

	<u>30.06.2018</u> RM'000	<u>31.12.2017</u> RM'000
<u>Eligible Tier 1 Capital</u>		
Share capital (paid up)	125,000	125,000
Valuation surplus, retained earnings and other capital available	416,905	422,542
	<u>541,905</u>	<u>547,542</u>
<u>Tier 2 Capital</u>		
Eligible Tier 2 Capital	(4,908)	2,664
Amount deducted from Capital	(22,588)	(24,131)
	<u>(27,496)</u>	<u>(21,467)</u>
Total capital available	<u>514,409</u>	<u>526,075</u>

Company No.

277714	A
--------	---

GIBRALTAR BSN LIFE BERHAD
(Incorporated in Malaysia)

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018 (CONTINUED)**

19 INSURANCE FUNDS

The Company's activities are organised by funds and segregated into the life and shareholders' fund in accordance with Financial Services Act, 2013.

Statement of Financial Position by Funds

	Shareholders' Fund		Life Fund		Investment-linked Funds		Elimination		Total	
	30.06.2018 RM'000	31.12.2017 RM'000	30.06.2018 RM'000	31.12.2017 RM'000	30.06.2018 RM'000	31.12.2017 RM'000	30.06.2018 RM'000	31.12.2017 RM'000	30.06.2018 RM'000	31.12.2017 RM'000
Assets										
Properties and equipment	-	-	9,415	10,421	-	-	-	-	9,415	10,421
Investment property	-	-	5,500	5,500	-	-	-	-	5,500	5,500
Intangible assets	-	-	8,036	9,255	-	-	-	-	8,036	9,255
Prepaid lease property	-	-	230	231	-	-	-	-	230	231
Investments	212,494	213,668	1,827,286	1,839,682	169,324	189,523	(5,867)	(5,801)	2,203,237	2,237,072
Reinsurance assets	-	-	16,197	16,045	-	-	-	-	16,197	16,045
Insurance receivables	-	-	8,360	7,970	-	-	-	-	8,360	7,970
Other receivables	181,660	182,362	7,275	6,278	9,400	8,856	(181,016)	(182,145)	17,319	15,351
Cash and cash equivalents	1,502	343	6,152	5,805	56	31	-	-	7,710	6,179
Total Assets	395,656	396,373	1,888,451	1,901,187	178,780	198,410	(186,883)	(187,946)	2,276,004	2,308,024
Share capital	125,000	125,000	-	-	-	-	-	-	125,000	125,000
Retained earnings	236,301	234,365	-	-	-	-	-	-	236,301	234,365
AFS fair value reserves	(3,602)	(585)	-	-	-	-	-	-	(3,602)	(585)
Asset revaluation reserves	318	318	-	-	-	-	-	-	318	318
Total Equity	358,017	359,098	-	-	-	-	-	-	358,017	359,098
Insurance contract liabilities	-	-	1,626,100	1,617,842	179,521	196,722	(5,867)	(5,801)	1,799,754	1,808,763
Deferred tax liabilities	34,561	34,691	(1,138)	1,534	(802)	-	-	-	32,621	36,225
Insurance payables	-	-	58,743	62,368	-	-	-	-	58,743	62,368
Current tax payable	639	96	1,392	907	(39)	(31)	-	-	1,992	972
Other payables	2,439	2,488	203,354	218,536	100	1,719	(181,016)	(182,145)	24,877	40,598
Total Liabilities	37,639	37,275	1,888,451	1,901,187	178,780	198,410	(186,883)	(187,946)	1,917,987	1,948,926
Total policyholders' fund and liabilities	395,656	396,373	1,888,451	1,901,187	178,780	198,410	(186,883)	(187,946)	2,276,004	2,308,024

Company No.

277714	A
--------	---

GIBRALTAR BSN LIFE BERHAD
(Incorporated in Malaysia)

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018 (CONTINUED)**

19 INSURANCE FUNDS (CONTINUED)

**Statement of Income by Funds
For the financial period ended**

	Shareholders' Fund		Life Fund		Investment-Linked Fund		Elimination		Total	
	Financial period from 01.01.2018 to 30.06.2018	Financial period from 01.01.2017 to 30.06.2017	Financial period from 01.01.2018 to 30.06.2018	Financial period from 01.01.2017 to 30.06.2017	Financial period from 01.01.2018 to 30.06.2018	Financial period from 01.01.2017 to 30.06.2017	Financial period from 01.01.2018 to 30.06.2018	Financial period from 01.01.2017 to 30.06.2017	Financial period from 01.01.2018 to 30.06.2018	Financial period from 01.01.2017 to 30.06.2017
	RM'000									
Operating revenue	2,818	4,094	177,174	181,715	16,267	16,460	-	-	196,259	202,269
Gross premium	-	-	134,196	139,040	13,652	14,120	-	-	147,848	153,160
Premium ceded to reinsurers	-	-	(6,132)	(5,336)	-	-	-	-	(6,132)	(5,336)
Net premiums	-	-	128,064	133,704	13,652	14,120	-	-	141,716	147,824
Investment income	2,818	4,094	42,978	42,675	2,615	2,340	-	-	48,411	49,109
Realised gains/(losses)	29	(147)	2,212	3,668	(6,017)	6,996	-	-	(3,776)	10,517
Fair value gains/(losses)	1,177	1,307	(21,622)	23,979	(10,028)	15,937	(66)	(63)	(30,539)	41,160
Other operating income	(1,457)	-	2,352	942	177	213	-	-	1,072	1,155
Other income	2,567	5,254	25,920	71,264	(13,253)	25,486	(66)	(63)	15,168	101,941
Gross benefits and claims	-	-	(90,764)	(86,464)	(16,314)	(20,358)	-	-	(107,078)	(106,822)
Claims ceded to reinsurers	-	-	2,561	3,142	-	-	-	-	2,561	3,142
Gross change in contract liabilities	-	-	4,027	(68,583)	17,201	(15,548)	66	63	21,294	(84,068)
Change in contract liabilities to reinsurers	-	-	(990)	54	-	-	-	-	(990)	54
Net insurance benefits and claims	-	-	(85,166)	(151,851)	887	(35,906)	66	63	(84,213)	(187,694)

Company No.

277714

A

GIBRALTAR BSN LIFE BERHAD
(Incorporated in Malaysia)

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018 (CONTINUED)**

19 INSURANCE FUNDS (CONTINUED)

**Statement of Income by Funds
For the financial period ended (continued)**

	Shareholders' Fund		Life Fund		Investment-Linked Fund		Elimination		Total	
	Financial period from 01.01.2018 to 30.06.2018	Financial period from 01.01.2017 to 30.06.2017	Financial period from 01.01.2018 to 30.06.2018	Financial period from 01.01.2017 to 30.06.2017	Financial period from 01.01.2018 to 30.06.2018	Financial period from 01.01.2017 to 30.06.2017	Financial period from 01.01.2018 to 30.06.2018	Financial period from 01.01.2017 to 30.06.2017	Financial period from 01.01.2018 to 30.06.2018	Financial period from 01.01.2017 to 30.06.2017
	RM'000									
Fee and commission expenses	-	-	(8,594)	(5,485)	-	-	-	-	(8,594)	(5,485)
Management expenses	(1,180)	(1,186)	(57,396)	(59,462)	(2,010)	(1,753)	-	-	(60,586)	(62,401)
Other expenses	(1,180)	(1,186)	(65,990)	(64,947)	(2,010)	(1,753)	-	-	(69,180)	(67,886)
Profit/(loss) before taxation	1,387	4,068	2,828	(11,830)	(724)	1,947	-	-	3,491	(5,815)
Income tax expense attributable to policyholders and unit holders	-	-	19	(2,369)	724	(1,947)	-	-	743	(4,316)
Profit/(loss) before tax attributable to shareholders	1,387	4,068	2,847	(14,199)	-	-	-	-	4,234	(10,131)
Transfer from revenue accounts	1,705	(16,699)	(1,705)	16,699	-	-	-	-	-	-
Profit/(loss) before taxation	3,092	(12,631)	1,142	2,500	-	-	-	-	4,234	(10,131)
Tax expense	(1,156)	4,464	(1,123)	(4,869)	724	(1,947)	-	-	(1,555)	(2,352)
Income tax expense attributable to policyholders and unit holders	-	-	(19)	2,369	(724)	1,947	-	-	(743)	4,316
Tax expense attributable to shareholders	(1,156)	4,464	(1,142)	(2,500)	-	-	-	-	(2,298)	1,964
Profit/(loss) for the financial period	1,936	(8,167)	-	-	-	-	-	-	1,936	(8,167)