

Company No.

277714	A
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GIBRALTAR BSN LIFE BERHAD
(Incorporated in Malaysia)

FINANCIAL STATEMENTS

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2017**

Company No.

277714

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GIBRALTAR BSN LIFE BERHAD
(Incorporated in Malaysia)

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2017**

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GIBRALTAR BSN LIFE BERHAD
(Incorporated in Malaysia)

**UNAUDITED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017**

	<u>Note</u>	<u>30.06.2017</u> RM'000	<u>31.12.2016</u> RM'000
ASSETS			
Properties and equipment		27,075	27,473
Investment property		6,200	6,200
Intangible assets		8,721	9,626
Prepaid lease property		232	234
Investments	8	2,171,196	2,079,481
Held-to-maturity financial assets ("HTM")	8(a)	296,727	307,493
Loans and receivables ("LAR")	8(b)	222,259	225,970
Available-for-sale financial assets ("AFS")	8(c)	1,205,432	1,150,693
Fair value through profit and loss financial assets ("FVTPL")	8(d)	446,778	395,325
Reinsurance assets	9	16,438	19,466
Insurance receivables	10	11,983	15,945
Other receivables	11	20,551	27,294
Tax recoverable		-	3,201
Cash and cash equivalents		15,133	28,373
TOTAL ASSETS		2,277,529	2,217,293

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

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GIBRALTAR BSN LIFE BERHAD
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UNAUDITED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017 (CONTINUED)

	<u>Note</u>	<u>30.06.2017</u> RM'000	<u>31.12.2016</u> RM'000
EQUITY AND LIABILITIES			
Share capital	12	125,000	125,000
Retained earnings	13 (a)	269,804	277,971
Available-for-sale fair value reserves	13 (b)	(1,262)	(832)
Asset revaluation reserves	13 (b)	2,658	2,625
TOTAL EQUITY		<u>396,200</u>	<u>404,764</u>
Insurance contract liabilities	14	1,729,424	1,629,297
Deferred tax liabilities		45,225	48,123
Insurance payables	15	74,031	93,687
Current tax payable		1,725	-
Other payables	16	30,924	41,422
TOTAL LIABILITIES		<u>1,881,329</u>	<u>1,812,529</u>
TOTAL EQUITY AND LIABILITIES		<u>2,277,529</u>	<u>2,217,293</u>

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

GIBRALTAR BSN LIFE BERHAD
(Incorporated in Malaysia)

**UNAUDITED CONDENSED INTERIM STATEMENT OF INCOME
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2017**

	6 months ended 30.06.2017 <u>RM'000</u>	6 months ended 30.06.2016 <u>RM'000</u>
Operating revenue	<u>202,269</u>	<u>204,830</u>
Gross premiums	153,160	159,149
Premiums ceded to reinsurers	(5,336)	(7,199)
Net premiums	<u>147,824</u>	<u>151,950</u>
Investment income	49,109	45,681
Realised gains/(losses)	10,517	(1,214)
Fair value gains	41,160	9,804
Other operating income	1,155	1,061
Other income	<u>101,941</u>	<u>55,332</u>
Gross benefits and claims	(106,822)	(193,640)
Claims ceded to reinsurers	3,142	4,635
Gross change in contract liabilities	(84,068)	37,754
Change in contract liabilities ceded to reinsurers	54	7,099
Net insurance benefits and claims	<u>(187,694)</u>	<u>(144,152)</u>
Fee and commission expenses	(5,485)	(11,511)
Management expenses	(62,401)	(56,226)
Other expenses	<u>(67,886)</u>	<u>(67,737)</u>
Loss before taxation	(5,815)	(4,607)
Income tax expense attributable to participating fund and unit holders	(4,316)	(1,994)
Loss before tax attributable to shareholders	<u>(10,131)</u>	<u>(6,601)</u>
Tax expenses	<u>(2,352)</u>	<u>(2,211)</u>
Tax expense attributable to participating fund and unit holders	4,316	1,994
Tax expense attributable to shareholders	1,964	(217)
Loss for the financial period	<u>(8,167)</u>	<u>(6,818)</u>
Basic loss per share (sen)	<u>(6.53)</u>	<u>(5.45)</u>

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

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GIBRALTAR BSN LIFE BERHAD
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UNAUDITED CONDENSED INTERIM STATEMENT OF OTHER
COMPREHENSIVE INCOME
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2017

	6 months ended 30.06.2017 RM'000	6 months ended 30.06.2016 RM'000
Loss for the financial period	<u>(8,167)</u>	<u>(6,818)</u>
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	(1,022)	16,468
- Taxation	181	(2,869)
Change in insurance contract liabilities arising from		
- Unrealised fair value changes	447	(7,923)
- Taxation	(36)	634
	<u>(430)</u>	<u>6,310</u>
<u>Item that may not be subsequently reclassified to statement of income:</u>		
Taxation	33	-
	<u>33</u>	<u>-</u>
Total comprehensive loss for the financial period	<u><u>(8,564)</u></u>	<u><u>(508)</u></u>

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

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GIBRALTAR BSN LIFE BERHAD
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**UNAUDITED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2017**

	Non-distributable				Distributable	Total
	Share capital	Assets revaluation reserves	Available for-sale fair value reserves	Life non participating surplus *	Retained earnings	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 January 2017	125,000	2,625	(832)	193,908	84,063	404,764
Other comprehensive income/(loss) for the financial period	-	33	(430)	-	-	(397)
(Loss)/profit for the financial period	-	-	-	(11,101)	2,934	(8,167)
At 30 June 2017	<u>125,000</u>	<u>2,658</u>	<u>(1,262)</u>	<u>182,807</u>	<u>86,997</u>	<u>396,200</u>
As at 1 January 2016	125,000	2,422	(1,234)	187,834	80,715	394,737
Other comprehensive income for the financial year	-	203	402	-	-	605
Profit for the financial year	-	-	-	6,074	3,348	9,422
At 31 December 2016	<u>125,000</u>	<u>2,625</u>	<u>(832)</u>	<u>193,908</u>	<u>84,063</u>	<u>404,764</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.

GIBRALTAR BSN LIFE BERHAD
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**UNAUDITED CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2017**

	Note	6 months ended 30.06.2017 RM'000	6 months ended 30.06.2016 RM'000
OPERATING ACTIVITIES			
Cash used in operating activities	17	(58,632)	(39,248)
Dividend income received		5,515	4,304
Interest/profit income received		41,926	39,409
Rental income on investment property received		87	156
Income tax paid		-	(1,000)
Net cash flow (used in)/generated from operating activities		<u>(11,104)</u>	<u>3,621</u>
INVESTING ACTIVITIES			
Proceeds from disposal of properties and equipment		1	13
Purchase of properties and equipment		(1,288)	(1,759)
Purchase of intangible assets		(849)	(3,171)
Net cash flow used in investing activities		<u>(2,136)</u>	<u>(4,917)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		(13,240)	(1,296)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		28,373	22,852
CASH AND CASH EQUIVALENTS AT END OF PERIOD		<u>15,133</u>	<u>21,556</u>
Cash and cash equivalents comprise:			
Cash and bank balances		<u>15,133</u>	<u>21,556</u>
		<u>15,133</u>	<u>21,556</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 2017****1 PRINCIPAL ACTIVITIES AND CORPORATE INFORMATION**

The condensed interim financial statements for the six months ended 30 June 2017 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 2016, 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 2016.

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 2016, except for the adoption of the following:

<u>MFRSs/Interpretations</u>		<u>Effective Date</u>
Amendment to MFRS 107	Statement of Cash Flows – Disclosure Initiative	1 January 2017
Amendment to MFRS 112	Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017

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.

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GIBRALTAR BSN LIFE BERHAD
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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2017 (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 SUBSEQUENT EVENTS TO END OF REPORTING PERIOD

The Company has entered into a Sale and Purchase Agreement on 28 July 2017 to dispose a piece of freehold land held under Title No. Geran 29472, Lot 138, Seksyen 12, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan, measuring 486.982 square meter together with a building erected thereon and bearing postal address of 16, Jalan Tun Tan Siew Sin, 50050 Kuala Lumpur for a total cash consideration of Ringgit Malaysia Nineteen Million and Eighty Thousand (RM19.08 million), inclusive of 6% GST, in accordance with the terms and conditions of the Sales and Purchase Agreement.

7 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
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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2017 (CONTINUED)

8	INVESTMENTS	<u>30.06.2017</u> RM'000	<u>31.12.2016</u> RM'000
	Malaysian Government Securities	46,308	51,358
	Malaysian government guaranteed bonds	536,903	524,886
	Debt securities	934,619	897,576
	Equity securities	385,041	334,580
	Unit trust and property trust funds	46,066	45,111
	Loans	59,017	55,282
	Fixed and call deposits	163,242	170,688
		<u>2,171,196</u>	<u>2,079,481</u>
	Held-to-maturity financial assets ("HTM")	296,727	307,493
	Loans and receivables ("LAR")	222,259	225,970
	Available-for-sale financial assets ("AFS")	1,205,432	1,150,693
	Fair value through profit and loss financial assets ("FVTPL")	446,778	395,325
		<u>2,171,196</u>	<u>2,079,481</u>
	The following investments mature after 12 months:		
	HTM	296,626	302,306
	LAR	59,017	55,282
	AFS	1,111,416	958,237
		<u>1,467,059</u>	<u>1,315,825</u>
	(a) HTM	<u>30.06.2017</u> RM'000	<u>31.12.2016</u> RM'000
	<u>Amortised cost</u>		
	Unquoted in Malaysia		
	Malaysian government guaranteed bonds	10,017	15,018
	Debt securities	282,835	288,362
	Accrued interest	3,875	4,113
		<u>296,727</u>	<u>307,493</u>
	<u>Fair value</u>		
	Unquoted in Malaysia		
	Malaysian government guaranteed bonds	9,676	14,586
	Debt securities	288,648	291,144
	Accrued interest	3,875	4,113
		<u>302,199</u>	<u>309,843</u>

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2017 (CONTINUED)

8 INVESTMENTS (CONTINUED)

(b) LAR

	<u>30.06.2017</u>	<u>31.12.2016</u>
	RM'000	RM'000
<u>Amortised cost</u>		
Fixed and call deposits	163,032	170,473
Policy loans	45,586	43,155
Accrued interest	13,641	12,342
	<u>222,259</u>	<u>225,970</u>
<u>Fair value</u>		
Fixed and call deposits	163,032	170,473
Policy loans	45,586	43,155
Accrued interest	13,641	12,342
	<u>222,259</u>	<u>225,970</u>

Fixed and call deposits of the Company have an average maturity of 12 days (31.12.2016: 10 days). The interest rate per annum of fixed deposits, that was effective as at the end of the reporting period was 3.22% per annum. (31.12.2016: 3.17% per annum)

(c) AFS

	<u>30.06.2017</u>	<u>31.12.2016</u>
	RM'000	RM'000
<u>Fair value</u>		
Unquoted in Malaysia		
Equity securities	2,401	2,401
Debt securities	623,240	580,954
Malaysian Government Securities	45,911	50,679
Malaysian government guaranteed bonds	520,949	504,029
Accrued interest	12,931	12,630
	<u>1,205,432</u>	<u>1,150,693</u>

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2017 (CONTINUED)

8 INVESTMENTS (CONTINUED)

(d) FVTPL

	<u>30.06.2017</u>	<u>31.12.2016</u>
	RM'000	RM'000
<u>Fair value</u>		
Quoted in Malaysia		
Held-for-Trading		
Equity securities	255,440	234,814
Unit trust and property trust funds	9,530	7,815
By designation		
Equity securities	119,330	91,644
Unit trust and property trust funds	276	86
Quoted outside Malaysia		
By designation		
Equity securities	7,870	5,721
Unquoted in Malaysia		
By designation		
Debt securities	17,848	17,811
Accrued interest	224	224
Unquoted outside Malaysia		
By designation		
Unit trust and property trust funds	36,260	37,210
	<u>446,778</u>	<u>395,325</u>

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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2017 (CONTINUED)**

8 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 2017	307,493	1,150,693	395,325	1,853,511
Purchases	-	75,129	152,266	227,395
Maturities/disposals/proceeds	(10,505)	(20,000)	(152,197)	(182,702)
Realised gains	291	1	10,225	10,517
Fair value gains/(losses) recorded in:				
Statement of income	-	-	41,160	41,160
Other comprehensive income	-	(1,022)	-	(1,022)
(Amortisation of premium)/ accretion of discount	(313)	330	-	17
Movement of investment income accrued	(239)	301	(1)	61
At 30 June 2017	<u>296,727</u>	<u>1,205,432</u>	<u>446,778</u>	<u>1,948,937</u>
At 1 January 2016	332,850	999,722	481,427	1,813,999
Purchases	-	245,708	324,005	569,713
Maturities/disposals/proceeds	(15,125)	(98,624)	(415,058)	(528,807)
Realised gains/(losses)	6	(7)	13,338	13,337
Fair value gains/(losses) recorded in:				
Statement of income	-	-	(8,426)	(8,426)
Other comprehensive income	-	945	-	945
Movement in impairment allowance	(9,626)	-	-	(9,626)
(Amortisation of premium)/ accretion of discount	(621)	625	-	4
Movement of investment income accrued	9	2,324	39	2,372
At 31 December 2016	<u>307,493</u>	<u>1,150,693</u>	<u>395,325</u>	<u>1,853,511</u>

GIBRALTAR BSN LIFE BERHAD
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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2017 (CONTINUED)**

8 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 2017</u>				
Financial assets at FVTPL				
Quoted in Malaysia				
Equity securities	374,770	-	-	374,770
Unit trust and property trust funds	9,807	-	-	9,807
Quoted outside Malaysia				
Equity securities	7,870	-	-	7,870
Unquoted in Malaysia				
Debt securities	-	18,071	-	18,071
Unquoted outside Malaysia				
Unit trust and property trust funds	-	36,260	-	36,260
AFS				
Unquoted in Malaysia				
Equity securities	-	-	2,401	2,401
Debt securities	-	615,617	7,623	623,240
Malaysia Government Securities	-	45,911	-	45,911
Malaysia government guaranteed bonds	-	520,949	-	520,949
Accrued interest	-	12,931	-	12,931
Total assets	392,447	1,249,739	10,024	1,652,210
<u>31 December 2016</u>				
Financial assets at FVTPL				
Quoted in Malaysia				
Equity securities	326,458	-	-	326,458
Unit trust and property trust funds	7,901	-	-	7,901
Quoted outside Malaysia				
Equity securities	5,721	-	-	5,721
Unquoted in Malaysia				
Debt securities	-	18,035	-	18,035
Unquoted outside Malaysia				
Unit trust and property trust funds	-	37,210	-	37,210
AFS				
Unquoted in Malaysia				
Equity securities	-	-	2,401	2,401
Debt securities	-	573,726	7,229	580,955
Malaysia Government Securities	-	50,679	-	50,679
Malaysia government guaranteed bonds	-	504,029	-	504,029
Accrued interest	-	12,629	-	12,629
Total assets	340,080	1,196,308	9,630	1,546,018

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2017 (CONTINUED)

8 INVESTMENTS (CONTINUED)

(f) Estimation of fair value (continued)

Fair value hierarchy disclosure (continued)

	<u>30.06.2017</u> RM'000	<u>31.12.2016</u> RM'000
<u>Level 3</u>		
Opening balance	9,630	87,315
Total gains for the period/year recognised in statement of income, presented in insurance contract liabilities	-	3,271
Fair value gains	394	879
Sales of financial assets	-	(68)
Maturity of financial assets	-	(81,767)
Closing balance	<u>10,024</u>	<u>9,630</u>

9 REINSURANCE ASSETS

	<u>30.06.2017</u> RM'000	<u>31.12.2016</u> RM'000
Reinsurance of insurance contracts (Note 14)		
Claims liabilities	5,881	8,963
Insurance contract liabilities	<u>10,557</u>	<u>10,503</u>
	<u>16,438</u>	<u>19,466</u>

GIBRALTAR BSN LIFE BERHAD
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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2017 (CONTINUED)**

10 INSURANCE RECEIVABLES

	<u>30.06.2017</u>	<u>31.12.2016</u>
	RM'000	RM'000
Outstanding premiums including agents, brokers and co-insurers balances	5,147	9,098
Amounts due from reinsurers	6,838	6,849
Allowance for impairment	(2)	(2)
	<u>11,983</u>	<u>15,945</u>
<u>Impairment movement</u>		
Opening balance	(2)	(24)
Change for the financial period	-	22
Closing balance	<u>(2)</u>	<u>(2)</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 2017 (31.12.2016: RM nil).

11 OTHER RECEIVABLES

	<u>30.06.2017</u>	<u>31.12.2016</u>
	RM'000	RM'000
Income due and accrued	321	159
Receivable from fund managers and brokers	15,084	24,077
Other receivables, deposits and prepayments	5,146	3,058
	<u>20,551</u>	<u>27,294</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 2017 (31.12.2016: RM nil).

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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2017 (CONTINUED)**

12 SHARE CAPITAL

	30.06.2017		31.12.2016	
	Number of shares '000	Nominal value RM'000	Number of shares '000	Nominal value RM'000
Authorised, Issued and paid-up: 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>

13 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.

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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2017 (CONTINUED)**

14 **INSURANCE CONTRACT LIABILITIES**

	30.06.2017			31.12.2016		
	Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000
Benefits and claims liabilities	186,534	(5,881)	180,653	170,063	(8,963)	161,100
Actuarial liabilities	1,313,939	(10,557)	1,303,382	1,265,862	(10,503)	1,255,359
Unallocated surplus	26,143	-	26,143	5,637	-	5,637
Available-for-sale fair value reserves	(1,099)	-	(1,099)	(687)	-	(687)
Asset revaluation reserves	11,663	-	11,663	11,663	-	11,663
Net asset value attributable to unit holders	<u>192,244</u>	<u>-</u>	<u>192,244</u>	<u>176,759</u>	<u>-</u>	<u>176,759</u>
	<u>1,729,424</u>	<u>(16,438)</u>	<u>1,712,986</u>	<u>1,629,297</u>	<u>(19,466)</u>	<u>1,609,831</u>

GIBRALTAR BSN LIFE BERHAD
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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2017 (CONTINUED)**

14 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	-	-	-	-	-	-	-
Mortality/morbidity	-	-	-	-	-	-	-
Lapse/withdrawal	-	-	-	-	-	-	-
Interest and bonus rate	21	18,909	18,930	-	-	-	18,930
Others	-	-	-	-	-	-	-
Projected cash flow for inforce policies							
Premium	55,161	44,563	99,724	-	-	-	99,724
Investment return	20,054	6,414	26,468	-	-	-	26,468
Benefits	(46,835)	(39,746)	(86,581)	-	-	-	(86,581)
Expenses/commission	(5,563)	(9,758)	(15,321)	-	-	-	(15,321)
Variance on inforce policies	7,668	9,695	17,363	-	-	-	17,363
New business reserves	360	(12,867)	(12,507)	-	-	-	(12,507)
Others	-	-	-	(209)	154	(55)	(55)
Benefits and claims experience variation	16,221	250	16,471	26	3,057	3,083	19,554
Net asset value attributable to unit holders	-	15,485	15,485	-	-	-	15,485
Available-for-sale fair value reserves	(447)	-	(447)	-	-	-	(447)
Assets revaluation reserves	-	-	-	-	-	-	-
Unallocated surplus	20,506	-	20,506	-	-	-	20,506
Deferred tax effects:							
Available-for-sale fair value reserves	36	-	36	-	-	-	36
At 30 June 2017	<u>1,030,577</u>	<u>698,847</u>	<u>1,729,424</u>	<u>(2,020)</u>	<u>(14,418)</u>	<u>(16,438)</u>	<u>1,712,986</u>

Note: DPF: Discretionary Participation Features

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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2017 (CONTINUED)**

14 **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 2016	901,523	758,451	1,659,974	(84)	(4,687)	(4,771)	1,655,203
Change in life insurance fund contract liabilities							
Due to assumptions change							
Expenses	-	-	-	-	-	-	-
Mortality/morbidity	(5,945)	(14,666)	(20,611)	-	-	-	(20,611)
Lapse/withdrawal	(2,105)	(5,182)	(7,287)	-	-	-	(7,287)
Interest and bonus rate	14,056	(2,134)	11,922	-	-	-	11,922
Others	(8,981)	(6,297)	(15,278)	-	-	-	(15,278)
Projected cash flow for inforce policies							
Premium	107,349	112,847	220,196	-	-	-	220,196
Investment return	38,856	10,864	49,720	-	-	-	49,720
Benefits	(92,555)	(95,504)	(188,059)	-	-	-	(188,059)
Expenses/commission	(14,611)	(39,821)	(54,432)	-	-	-	(54,432)
Variance on inforce policies	14,286	9,262	23,548	-	-	-	23,548
New business reserves	97	4,065	4,162	-	-	-	4,162
Others	(492)	21,620	21,128	-	(8,033)	(8,033)	13,095
Benefits and claims experience variation	20,507	(2,790)	17,717	(1,753)	(4,909)	(6,662)	11,055
Net asset value attributable to unit holders	-	(84,813)	(84,813)	-	-	-	(84,813)
Available-for-sale fair value reserves	403	-	403	-	-	-	403
Assets revaluation reserves	1,046	-	1,046	-	-	-	1,046
Unallocated surplus	(10,007)	-	(10,007)	-	-	-	(10,007)
Deferred tax effects:							
Available-for-sale fair value reserves	(32)	-	(32)	-	-	-	(32)
At 31 December 2016	963,395	665,902	1,629,297	(1,837)	(17,629)	(19,466)	1,609,831

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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2017 (CONTINUED)**

15 INSURANCE PAYABLES

	<u>30.06.2017</u>	<u>31.12.2016</u>
	RM'000	RM'000
Amount due to insured	60,026	70,989
Amount owing to client and intermediaries	4,315	9,035
Amount owing to reinsurers and cedants	9,690	13,663
	<u>74,031</u>	<u>93,687</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 2017 (31.12.2016: RM nil).

16 OTHER PAYABLES

	<u>30.06.2017</u>	<u>31.12.2016</u>
	RM'000	RM'000
Accrued expenses	9,879	9,865
Provision for bonus	5,219	6,611
Payable to investment brokers	1,168	-
Unclaimed monies	4,793	6,412
Agency related expenses accrued	1,136	1,525
Marketing related expenses accrued	5,122	11,398
Provision for policy settlement	688	1,399
Other payables and accruals	2,761	3,858
Director related expenses accrued	158	354
	<u>30,924</u>	<u>41,422</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 2017 (31.12.2016: RM nil).

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2017 (CONTINUED)

17 CASH FLOWS

	Financial period from 01.01.2017 to 30.06.2017 RM'000	Financial period from 01.01.2016 to 30.06.2016 RM'000
Loss before tax attributable to shareholders	(10,131)	(6,601)
Tax expense attributable to participating fund and unit holders	4,316	1,994
Investment income	(49,109)	(45,681)
Realised (gains)/losses recorded in statement of income	(10,517)	1,214
Fair value gains recorded in statement of income	(41,160)	(9,945)
Purchases of FVTPL financial assets	(152,266)	(162,067)
Maturity/proceeds from sale of FVTPL financial assets	152,197	253,679
Purchases of AFS financial assets	(75,129)	(90,320)
Maturity/proceeds from sale of AFS financial assets	20,000	43,000
Maturity of HTM financial assets	10,505	126
Decrease/(Increase) in LAR	5,010	(608)
Non-cash items:		
Depreciation of properties and equipment	1,685	1,816
Amortisation of intangible assets	1,754	1,315
Amortisation of prepaid lease property	2	2
Reversal of non properties and equipment	-	26
Changes in working capital:		
Decrease/(Increase) in reinsurance assets	3,028	(4,594)
Decrease in insurance receivables	3,962	657
Decrease in other receivables	23,440	22,415
Increase/(Decrease) in tax payables	603	(3,664)
Increase/(Decrease) insurance contract liabilities	100,127	(37,605)
Decrease in insurance payables	(19,656)	(2,432)
Decrease in other payables	(27,293)	(1,975)
Cash used in operating activities	<u>(58,632)</u>	<u>(39,248)</u>

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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2017 (CONTINUED)**

18 CAPITAL COMMITMENTS

As of 30 June 2017, capital expenditures approved by Directors but not provided for in the financial statements are as follows:

	<u>30.06.2017</u> RM'000	<u>31.12.2016</u> RM'000
Authorised and contracted but not provided for:		
Computer hardware and software	1,643	1,958
Properties and equipment	-	-
	<u>1,643</u>	<u>1,958</u>
Approved and not contracted for:		
Computer hardware and software	1,706	1,403
Properties and equipment	-	505
	<u>1,706</u>	<u>1,908</u>

19 REGULATORY CAPITAL REQUIREMENTS

The capital structure of the Company as at 30 June 2017, as prescribed under the RBC Framework is provided below:-

	<u>30.06.2017</u> RM'000	<u>31.12.2016</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	<u>468,214</u>	<u>468,011</u>
	593,214	593,011
<u>Tier 2 Capital</u>		
Eligible Tier 2 Capital	12,408	13,428
Amount deducted from Capital	<u>(26,920)</u>	<u>(34,678)</u>
	(14,512)	(21,250)
Total capital available	<u>578,702</u>	<u>571,761</u>

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GIBRALTAR BSN LIFE BERHAD
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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2017 (CONTINUED)**

20 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	
	30.06.2017 RM'000	31.12.2016 RM'000	30.06.2017 RM'000	31.12.2016 RM'000	30.06.2017 RM'000	31.12.2016 RM'000	30.06.2017 RM'000	31.12.2016 RM'000	30.06.2017 RM'000	31.12.2016 RM'000
Assets										
Properties and equipment	-	-	27,075	27,473	-	-	-	-	27,075	27,473
Investment property	-	-	6,200	6,200	-	-	-	-	6,200	6,200
Intangible assets	-	-	8,721	9,626	-	-	-	-	8,721	9,626
Prepaid lease property	-	-	232	234	-	-	-	-	232	234
Investments	211,655	209,106	1,776,011	1,714,848	189,266	161,200	(5,736)	(5,673)	2,171,196	2,079,481
Reinsurance assets	-	-	16,438	19,466	-	-	-	-	16,438	19,466
Insurance receivables	-	-	11,983	15,945	-	-	-	-	11,983	15,945
Other receivables	227,859	244,904	9,501	6,885	9,871	19,945	(226,680)	(244,440)	20,551	27,294
Tax recoverable	-	1,789	-	761	-	651	-	-	-	3,201
Cash and cash equivalents	493	100	14,621	28,254	19	19	-	-	15,133	28,373
Total Assets	440,007	455,899	1,870,782	1,829,692	199,156	181,815	(232,416)	(250,113)	2,277,529	2,217,293
Share capital	125,000	125,000	-	-	-	-	-	-	125,000	125,000
Retained earnings	269,804	277,971	-	-	-	-	-	-	269,804	277,971
AFS fair value reserves	(1,262)	(832)	-	-	-	-	-	-	(1,262)	(832)
Asset revaluation reserves	2,658	2,625	-	-	-	-	-	-	2,658	2,625
Total Equity	396,200	404,764	-	-	-	-	-	-	396,200	404,764
Insurance contract liabilities	-	-	1,537,180	1,452,538	197,980	182,432	(5,736)	(5,673)	1,729,424	1,629,297
Deferred tax liabilities	43,328	48,738	1,280	40	617	(655)	-	-	45,225	48,123
Insurance payables	-	-	74,031	93,687	-	-	-	-	74,031	93,687
Current tax payable	(1,039)	-	3,432	-	(668)	-	-	-	1,725	-
Other payables	1,518	2,397	254,859	283,427	1,227	38	(226,680)	(244,440)	30,924	41,422
Total Liabilities	43,807	51,135	1,870,782	1,829,692	199,156	181,815	(232,416)	(250,113)	1,881,329	1,812,529
Total policyholders' fund and liabilities	440,007	455,899	1,870,782	1,829,692	199,156	181,815	(232,416)	(250,113)	2,277,529	2,217,293

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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2017 (CONTINUED)**

20 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 01.01.2017 to 30.06.2017	Financial period from 01.01.2016 to 30.06.2016	Financial period from 01.01.2017 to 30.06.2017	Financial period from 01.01.2016 to 30.06.2016	Financial period from 01.01.2017 to 30.06.2017	Financial period from 01.01.2016 to 30.06.2016	Financial period from 01.01.2017 to 30.06.2017	Financial period from 01.01.2016 to 30.06.2016	Financial period from 01.01.2017 to 30.06.2017	Financial period from 01.01.2016 to 30.06.2016
	RM'000									
Operating revenue	4,094	4,189	181,715	183,924	16,460	16,717	-	-	202,269	204,830
Gross premium	-	-	139,040	144,561	14,120	14,588	-	-	153,160	159,149
Premium ceded to reinsurers	-	-	(5,336)	(7,199)	-	-	-	-	(5,336)	(7,199)
Net premiums	-	-	133,704	137,362	14,120	14,588	-	-	147,824	151,950
Investment income	4,094	4,189	42,675	39,363	2,340	2,129	-	-	49,109	45,681
Realised (losses)/gains	(147)	(604)	3,668	(2,345)	6,996	1,735	-	-	10,517	(1,214)
Fair value gains/(losses)	1,307	626	23,979	4,602	15,937	4,653	(63)	(77)	41,160	9,804
Other operating income	-	10	942	901	213	150	-	-	1,155	1,061
Other income	5,254	4,221	71,264	42,521	25,486	8,667	(63)	(77)	101,941	55,332
Gross benefits and claims	-	-	(86,464)	(89,550)	(20,358)	(104,090)	-	-	(106,822)	(193,640)
Claims ceded to reinsurers	-	-	3,142	4,635	-	-	-	-	3,142	4,635
Gross change in contract liabilities	-	-	(68,583)	(45,646)	(15,548)	83,323	63	77	(84,068)	37,754
Change in contract liabilities to reinsurers	-	-	54	7,099	-	-	-	-	54	7,099
Net insurance benefits and claims	-	-	(151,851)	(123,462)	(35,906)	(20,767)	63	77	(187,694)	(144,152)

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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2017 (CONTINUED)**

20 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 01.01.2017 to 30.06.2017	Financial period from 01.01.2016 to 30.06.2016	Financial period from 01.01.2017 to 30.06.2017	Financial period from 01.01.2016 to 30.06.2016	Financial period from 01.01.2017 to 30.06.2017	Financial period from 01.01.2016 to 30.06.2016	Financial period from 01.01.2017 to 30.06.2017	Financial period from 01.01.2016 to 30.06.2016	Financial period from 01.01.2017 to 30.06.2017	Financial period from 01.01.2016 to 30.06.2016
	RM'000									
Fee and commission expenses	-	-	(5,485)	(11,511)	-	-	-	-	(5,485)	(11,511)
Management expenses	(1,186)	(947)	(59,462)	(53,536)	(1,753)	(1,743)	-	-	(62,401)	(56,226)
Other expenses	(1,186)	(947)	(64,947)	(65,047)	(1,753)	(1,743)	-	-	(67,886)	(67,737)
Profit/(loss) before taxation	4,068	3,274	(11,830)	(8,626)	1,947	745	-	-	(5,815)	(4,607)
Income tax expense attributable to policyholders and unit holders	-	-	(2,369)	(1,249)	(1,947)	(745)	-	-	(4,316)	(1,994)
Profit/(loss) before tax attributable to shareholders	4,068	3,274	(14,199)	(9,875)	-	-	-	-	(10,131)	(6,601)
Transfer from revenue accounts	(16,699)	(11,328)	16,699	11,328	-	-	-	-	-	-
Profit/(loss) before taxation	(12,631)	(8,054)	2,500	1,453	-	-	-	-	(10,131)	(6,601)
Tax expense	4,464	1,236	(4,869)	(2,702)	(1,947)	(745)	-	-	(2,352)	(2,211)
Income tax expense attributable to policyholders and unit holders	-	-	2,369	1,249	1,947	745	-	-	4,316	1,994
Tax expense attributable to shareholders	4,464	1,236	(2,500)	(1,453)	-	-	-	-	1,964	(217)
Loss for the financial period	(8,167)	(6,818)	-	-	-	-	-	-	(8,167)	(6,818)