

Registration No.

199801001430 (457556-X)

TOKIO MARINE LIFE INSURANCE MALAYSIA BHD.  
(Incorporated in Malaysia)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2020

Registration No.

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TOKIO MARINE LIFE INSURANCE MALAYSIA BHD.  
(Incorporated in Malaysia)

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TOKIO MARINE LIFE INSURANCE MALAYSIA BHD.  
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UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2020

	<u>Note</u>	<u>30.06.2020</u>	<u>31.12.2019</u>
		RM'000	RM'000
<b>ASSETS</b>			
Property, plant and equipment		173,562	175,480
Right-of-use assets		519	508
Investment properties		168,104	168,104
Intangible assets		86,798	11,855
Financial investments			
Available-for-sale ("AFS") financial assets	8a	5,604,499	5,759,386
Fair value through profit or loss ("FVTPL") financial assets	8b	1,185,568	1,096,138
Held-to-maturity ("HTM") financial assets	8c	953,453	963,724
Loans and receivables ("LAR")	8d	450,376	461,177
Insurance receivables		26,211	29,590
Other receivables		17,764	35,281
Cash and cash equivalents		446,610	354,463
<b>TOTAL ASSETS</b>		<u>9,113,464</u>	<u>9,055,706</u>
<b>EQUITY, POLICYHOLDERS' FUNDS AND LIABILITIES</b>			
Share capital		226,000	226,000
Retained earnings		644,590	652,479
Available-for-sale reserve		91,021	67,108
Asset revaluation reserve		3,208	3,208
<b>TOTAL EQUITY</b>		<u>964,819</u>	<u>948,795</u>
Insurance contract liabilities	9	7,304,943	7,258,035
Provision for agency long association benefits		32,271	31,378
Deferred tax liabilities		218,168	216,087
Insurance payables		527,591	522,603
Lease liabilities		593	543
Current tax liabilities		8,178	14,017
Other payables		56,901	64,248
<b>TOTAL POLICYHOLDERS' FUNDS AND LIABILITIES</b>		<u>8,148,645</u>	<u>8,106,911</u>
<b>TOTAL EQUITY, POLICYHOLDERS' FUNDS AND LIABILITIES</b>		<u>9,113,464</u>	<u>9,055,706</u>

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

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UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2020

	6 months ended <u>30.06.2020</u> RM'000	6 months ended <u>30.06.2019</u> RM'000
Gross earned premium revenue	642,429	646,212
Premiums ceded to reinsurers	(23,368)	(22,665)
Net earned revenue	<u>619,061</u>	<u>623,547</u>
Investment income	175,943	171,637
Net realised (losses)/gains	(118,349)	57,183
Net fair value (losses)/gains	(12,779)	57,832
Commission income	4,290	1,727
Other income	<u>49,105</u>	<u>288,379</u>
Gross benefits and claims paid	(491,228)	(522,506)
Claims ceded to reinsurers	11,350	10,929
Gross change to insurance contract liabilities	(39,489)	(194,239)
Net insurance benefits and claims	<u>(519,367)</u>	<u>(705,816)</u>
Commission and agency expenses	(70,638)	(71,801)
Management expenses	(79,105)	(88,004)
Other operating expenses – net	(43)	(98)
Other expenses	<u>(149,786)</u>	<u>(159,903)</u>
(Loss)/profit before taxation	(987)	46,207
Taxation	(1,902)	(29,045)
Net (loss)/profit for the financial period	<u>(2,889)</u>	<u>17,162</u>

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UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2020 (CONTINUED)

	6 months ended <u>30.06.2020</u> RM'000	6 months ended <u>30.06.2019</u> RM'000
Other comprehensive income:		
<u>Items that will be reclassified subsequently to profit or loss</u>		
Fair value change on available-for-sale financial assets:		
Net (losses)/gains arising during the financial period	(106,706)	185,325
Realised gains transferred to profit or loss	(20,612)	(57,837)
Impairment losses transferred to profit or loss	138,961	654
Tax effects thereon	(6,869)	(20,838)
	<hr/>	<hr/>
Fair value gains, net of tax	4,774	107,304
Change in insurance contract liabilities arising from net fair value losses/(gains)	19,139	(64,473)
	<hr/>	<hr/>
Net fair value change	23,913	42,831
	<hr/>	<hr/>
Total other comprehensive income	23,913	42,831
	<hr/>	<hr/>
Total comprehensive income for the financial period	21,024	59,993
	<hr/> <hr/>	<hr/> <hr/>
Basic earnings per share (sen)	(1.28)	7.59
	<hr/> <hr/>	<hr/> <hr/>

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

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UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2020

	Share capital RM'000	Non-Distributable		Distributable	Total RM'000
		Available- for-sale reserve RM'000	Asset revaluation reserve RM'000	Retained earnings* RM'000	
Issued and fully paid ordinary shares:					
At 1 January 2019	226,000	13,098	3,029	668,902	911,029
Total comprehensive income for the financial period	-	42,831	-	17,162	59,993
Dividend paid for the financial year ended 31 December 2018	-	-	-	(36,700)	(36,700)
At 30 June 2019	<u>226,000</u>	<u>55,929</u>	<u>3,029</u>	<u>649,364</u>	<u>934,322</u>
Issued and fully paid ordinary shares:					
At 1 January 2020	226,000	67,108	3,208	652,479	948,795
Total comprehensive income for the financial period	-	23,913	-	(2,889)	21,024
Dividend payable for the financial year ended 31 December 2019	-	-	-	(5,000)	(5,000)
At 30 June 2020	<u>226,000</u>	<u>91,021</u>	<u>3,208</u>	<u>644,590</u>	<u>964,819</u>

\* Included in the retained earnings as at 30 June 2020 is unallocated surplus in the Non-participating Life Fund (net of deferred tax) of RM641,834,000 (30 June 2019: RM 635,846,000). These amounts are only distributable upon the actual recommended transfer from Non-participating Life Fund to the Shareholders' Fund by the Appointed Actuary.

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**TOKIO MARINE LIFE INSURANCE MALAYSIA BHD.**  
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**UNAUDITED CONDENSED STATEMENT OF CASH FLOWS  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2020**

	6 months ended <u>30.06.2020</u> RM'000	6 months ended <u>30.06.2019</u> RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net (loss)/profit for the financial period	(2,889)	17,162
Investment income	(175,943)	(171,637)
Interest expense for lease liabilities	30	-
Realised gain of AFS financial assets	(20,612)	(57,837)
Fair value losses/(gains) of FVTPL financial assets	12,779	(57,832)
Depreciation of property, plant and equipment	3,097	2,945
Depreciation of right-of-use assets	323	240
Write-offs of property, plant and equipment	-	10
Amortisation of intangible assets	11,650	16,227
Impairment of AFS financial assets	138,961	654
Impairment loss/(Write back of impairment loss) of insurance receivables	63	(74)
Impairment loss of loan receivables	-	446
Write back of impairment loss of other receivable	(61)	-
(Recovery of write-offs)/ write-offs of insurance receivables	(3)	178
Provision for agency long association benefits	3,316	3,287
Taxation	1,902	29,045
Changes in working capital:		
Purchase of financial assets	(1,094,622)	(812,484)
Proceeds from maturity or disposal of financial assets	1,054,238	654,689
Decrease in loans	10,801	4,149
Decrease in insurance receivables	3,318	14,226
Decrease in other receivables	25,151	1,248
Increase in insurance contract liabilities	66,047	204,396
Increase in insurance payables	4,988	4,284
Decrease in other payables	(22,304)	(19,840)
	<u>20,230</u>	<u>(166,518)</u>
Dividend income received	32,211	27,494
Interest income received	142,219	144,086
Rental income received	524	1,829
Agency long association benefits paid	(2,423)	(2,347)
Income tax paid	(12,529)	(9,971)
Net cash inflows/(outflows) from operating activities	<u>180,232</u>	<u>(5,427)</u>

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UNAUDITED CONDENSED STATEMENT OF CASH FLOWS  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2020 (CONTINUED)

	6 months ended 30.06.2020 RM'000	6 months ended 30.06.2019 RM'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(1,179)	(2,222)
Purchase of intangible assets	(86,592)	(1,577)
Net cash outflows from investing activities	<u>(87,771)</u>	<u>(3,799)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividend paid	-	(36,700)
Repayment of lease liabilities	(314)	(434)
Net cash outflows from financing activities	<u>(314)</u>	<u>(37,134)</u>
Net increase/(decrease) in cash and cash equivalents	92,147	(46,360)
Cash and cash equivalents at 1 January	<u>354,463</u>	<u>512,104</u>
Cash and cash equivalents at 30 June	<u><u>446,610</u></u>	<u><u>465,744</u></u>
Cash and cash equivalents comprise:		
Cash and bank balances	48,183	32,532
Fixed and call deposits with maturity of less than three months	398,427	433,212
	<u><u>446,610</u></u>	<u><u>465,744</u></u>

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## NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2020

### 1 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and presentation adopted by the Company for the condensed interim financial statements are consistent with those adopted by the Company's audited financial statements for the financial year ended 31 December 2019.

#### 1.1 Basis of Preparation

The condensed interim financial statements of the Company are unaudited and have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS") 134 Interim Financial Reporting, issued by the Malaysian Accounting Standards Board ("MASB").

The condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's audited financial statements for the year ended 31 December 2019.

The interim financial statements are authorised for issue by the Board of Directors on 12 August 2020.

#### 1.2 Standards, amendments to published standards and interpretations to existing standards that are applicable and relevant to the Company

The Company will apply the new standards, amendments to published standards and interpretations that are issued but not yet effective in the following financial period:

##### Financial year beginning on/after 1 January 2020

- (i) The Conceptual Framework for Financial Reporting (Revised 2018)
- (ii) Amendments to MFRS 101 'Presentation of Financial Statements – Definition of Material'
- (iii) Amendments to MFRS 108 'Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material'
- (iv) Amendments to MFRS 3 'Business Combinations – Definition of a Business'
- (v) Amendments to MFRS 9, MFRS 139, MFRS 7 – Interest Rate Benchmark Reform

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STATEMENTS - 30 JUNE 2020 (CONTINUED)

- 1.2 Standards, amendments to published standards and interpretations to existing standards that are applicable and relevant to the Company (continued)

The Company will apply the new standards, amendments to published standards and interpretations that are issued but not yet effective in the following financial period: (continued)

Financial year beginning on/after 1 January 2021

MFRS 17 'Insurance Contracts'

MFRS 17 applies to insurance contracts issued, to all reinsurance contracts and to investment contracts with discretionary participating features if an entity also issues insurance contracts. For fixed-fee service contracts whose primary purpose is the provision of services, an entity has an accounting policy choice to account for them in accordance with either MFRS 17 or MFRS 15 'Revenue'. An entity is allowed to account financial guarantee contracts in accordance with MFRS 17 if the entity has asserted explicitly that it regarded them as insurance contracts.

Insurance contracts, (other than reinsurance) where the entity is the policyholder are not within the scope of MFRS 17.

Embedded derivatives and distinct investment and service components should be 'unbundled' and accounted for separately in accordance with the related MFRSs. Voluntary unbundling of other components is prohibited.

MFRS 17 requires a current measurement model where estimates are remeasured at each reporting period. The measurement is based on the building blocks of discounted, probability-weighted cash flows, a risk adjustment and a contractual service margin ("CSM") representing the unearned profit of the contract. An entity has a policy choice to recognise the impact of changes in discount rates and other assumptions that related to financial risks either in profit or loss or in other comprehensive income.

Alternative measurement models are provided for the different insurance coverages:

- Simplified Premium Allocation Approach if the insurance coverage period is a year or less.
- Variable Fee Approach should be applied for insurance contracts that specify a link between payments to the policyholder and the returns on the underlying items.

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- 1.2 Standards, amendments to published standards and interpretations to existing standards that are applicable and relevant to the Company (continued)

The Company will apply the new standards, amendments to published standards and interpretations that are issued but not yet effective in the following financial period: (continued)

Financial year beginning on/after 1 January 2021 (continued)

MFRS 17 'Insurance Contracts' (continued)

The requirements of MFRS 17 align the presentation of revenue with other industries. Revenue is allocated to the periods in proportion to the value of the expected coverage and other services that the insurer provides in the period, and claims are presented when incurred. Investment components are excluded from revenue and claims.

Insurers are required to disclose information about amounts, judgements and risks arising from insurance contracts.

The International Accounting Standards Board has tentatively to amend the effective date of IFRS 17 'Insurance Contracts' to 1 January 2023.

Other than MFRS 9 and MFRS 17, the above standards, amendments to published standards and interpretations to existing standards are not anticipated to have any significant impact on the financial statements of the Company in the year of initial application.

The Company has yet to assess the full impact of MFRS 9 and MFRS 17 onto the Company's accounting policies and will complete the process prior to the reporting requirement deadline.

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2020 (CONTINUED)**

**2 SEASONAL OR CYCLICAL FACTORS**

There were no significant seasonal or cyclical factors that affect the business of the Company for the six months period under review.

**3 UNUSUAL ITEMS**

In the first quarter 2020, the rapid spread of the Covid-19 has been declared a pandemic. Globally, increasing measures are being taken to contain it, and these have led to a significant volatility in the financial markets and resulting in an adverse impact on the global business and economic activity.

There is an increasing likelihood that the Covid-19 and the continuous efforts could cause undesirable effects on the Malaysian economy. The Company is closely monitoring the developing situation and the potential impact of the spread of Covid-19 on its operations.

There are no unusual items affecting assets, liabilities, equity, net income and cash flows for the six months period under review.

**4 CHANGE IN ESTIMATES**

There were no material changes in the basis used for accounting estimates for the financial period ended 30 June 2020.

**5 DEBT AND EQUITY SECURITIES**

There were no issuances, cancellation, repurchases, resale and repayment of debt and equity securities during the current financial period.

**6 MATERIAL EVENTS SUBSEQUENT TO THE END OF THE PERIOD**

There is no material event subsequent to the end of the period under review that has not been reflected in the interim financial statements.

**7 DIVIDENDS**

A final single tier dividend of 2.21 sen (2019: 16.24 sen) per ordinary share on 226,000,000 ordinary shares amounting to RM5,000,000 (2019: RM36,700,000) for the financial year ended 31 December 2019 was approved at the Annual General Meeting held on 25 June 2020 and this dividend was paid in full on 3 July 2020.

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**8 FINANCIAL INVESTMENTS**

	As at <u>30.06.2020</u> RM'000	As at <u>31.12.2019</u> RM'000
Malaysian government securities	531,781	500,431
Malaysian government guaranteed bonds	1,570,380	1,511,327
Government investment issues	426,250	418,532
Corporate debt securities	3,093,165	2,962,494
Equity securities	1,575,717	1,858,225
Collective investment schemes	546,227	568,239
Loans	450,376	461,177
	<u>8,193,896</u>	<u>8,280,425</u>

The Company's financial investments are summarised by the following categories:

AFS financial assets	5,604,499	5,759,386
FVTPL financial assets	1,185,568	1,096,138
HTM financial assets	953,453	963,724
Loans and receivables	450,376	461,177
	<u>8,193,896</u>	<u>8,280,425</u>

**8a AFS FINANCIAL ASSETS**

At fair value:

Malaysian government securities	266,198	235,775
Malaysian government guaranteed bonds	1,122,535	1,063,537
Government investment issues	247,324	241,324
Corporate debt securities	2,589,301	2,480,981
Equity securities	1,276,173	1,595,170
Collective investment schemes	102,968	142,599
	<u>5,604,499</u>	<u>5,759,386</u>
Current	392,340	407,014
Non-current	5,212,159	5,352,372
	<u>5,604,499</u>	<u>5,759,386</u>

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8 FINANCIAL INVESTMENTS (CONTINUED)

8a AFS FINANCIAL ASSETS (CONTINUED)

Movement in impairment allowance accounts:

	As at <u>30.06.2020</u> RM'000	As at <u>31.12.2019</u> RM'000
Provision for impairment loss:		
At 1 January	62,889	95,007
Transferred to realized gain upon disposal	(69,293)	(44,084)
Impairment loss during the financial period/year	138,961	11,966
At 30 June/31 December	<u>132,557</u>	<u>62,889</u>

The impairment losses arose on equity securities for which there have been significant or prolonged decline in fair value.

8b FVTPL FINANCIAL ASSETS

	As at <u>30.06.2020</u> RM'000	As at <u>31.12.2019</u> RM'000
At fair value:		
Malaysian government securities	33,502	32,624
Malaysian government guaranteed bonds	5,844	5,715
Government investment issues	61,978	60,207
Corporate debt securities	341,441	308,897
Equity securities	299,544	263,055
Collective investment schemes	443,259	425,640
	<u>1,185,568</u>	<u>1,096,138</u>
Current	24,365	28,535
Non-current	1,161,203	1,067,603
	<u>1,185,568</u>	<u>1,096,138</u>

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8 FINANCIAL INVESTMENTS (CONTINUED)

8c HTM FINANCIAL ASSETS

	As at <u>30.06.2020</u> RM'000	As at <u>31.12.2019</u> RM'000
At amortised cost:		
Malaysian government securities	232,081	232,032
Malaysian government guaranteed bonds	442,001	442,075
Government investment issues	116,948	117,001
Corporate debt securities	162,423	172,616
	<u>953,453</u>	<u>963,724</u>
Current	25,807	10,125
Non-current	927,646	953,599
	<u>953,453</u>	<u>963,724</u>
At fair value:		
Malaysian government securities	258,315	250,817
Malaysian government guaranteed bonds	506,071	491,989
Government investment issues	132,118	129,357
Corporate debt securities	179,674	185,707
	<u>1,076,178</u>	<u>1,057,870</u>

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8 FINANCIAL INVESTMENTS (CONTINUED)

8d LOANS AND RECEIVABLES

	As at <u>30.06.2020</u> RM'000	As at <u>31.12.2019</u> RM'000
At amortised cost:		
Secured:		
Policy loans*	449,036	460,216
Mortgage loans	944	961
Other loans	396	-
	<u>450,376</u>	<u>461,177</u>

\*Accrued interest income is included at fixed rate

The carrying values of loans and receivables approximate the fair values at the date of the statement of financial position.

	As at <u>30.06.2020</u> RM'000	As at <u>31.12.2019</u> RM'000
Current	396	-
Non-current	449,980	461,177
	<u>450,376</u>	<u>461,177</u>



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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2020 (CONTINUED)**

8 FINANCIAL INVESTMENTS (CONTINUED)

8e CARRYING VALUES OF FINANCIAL INSTRUMENTS

	<u>AFS</u> RM'000	<u>FVTPL</u> RM'000	<u>HTM</u> RM'000	<u>LAR</u> RM'000	<u>Total</u> RM'000
At 1 January 2019	5,352,099	860,571	985,000	484,335	7,682,005
Purchases	1,729,714	817,195	-	-	2,546,909
Maturities	(765,329)	(152,588)	(20,000)	-	(937,917)
Disposals	(746,694)	(490,555)	(1,000)	-	(1,238,249)
Decrease in loans	-	-	-	(23,158)	(23,158)
Movement of investment income accrued	56	797	(186)	-	667
Fair value gains/(losses) recorded in:					
- Profit or loss	149,833	60,718	(22)	-	210,529
- Other comprehensive income	33,486	-	-	-	33,486
Amortisation adjustment	6,221	-	(68)	-	6,153
At 31 December 2019	<u>5,759,386</u>	<u>1,096,138</u>	<u>963,724</u>	<u>461,177</u>	<u>8,280,425</u>
Purchases	911,262	188,256	-	-	1,099,518
Maturities	(267,508)	(26,926)	(10,000)	-	(304,434)
Disposals	(694,570)	(59,155)	-	-	(753,725)
Decrease in loans	-	-	-	(10,801)	(10,801)
Movement of investment income accrued	327	34	(240)	-	121
Fair value losses recorded in:					
- Profit or loss	(49,083)	(12,779)	-	-	(61,862)
- Other comprehensive loss	(57,623)	-	-	-	(57,623)
Amortisation adjustment	2,308	-	(31)	-	2,277
At 30 June 2020	<u><u>5,604,499</u></u>	<u><u>1,185,568</u></u>	<u><u>953,453</u></u>	<u><u>450,376</u></u>	<u><u>8,193,896</u></u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL  
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8 FINANCIAL INVESTMENTS (CONTINUED)

8f FAIR VALUES OF FINANCIAL INSTRUMENTS

The following tables show financial investments recorded at fair value analysed by the different basis of fair values as follows:

	<u>AFS</u> RM'000	<u>FVTPL</u> RM'000	<u>HTM</u> RM'000	<u>Total</u> RM'000
<u>30 June 2020</u>				
Level 1	1,303,412	299,544	-	1,602,956
Level 2	4,286,900	886,024	1,076,178	6,249,102
Level 3	14,187	-	-	14,187
	<u>5,604,499</u>	<u>1,185,568</u>	<u>1,076,178</u>	<u>7,866,245</u>
<u>31 December 2019</u>				
Level 1	1,633,003	265,743	-	1,898,746
Level 2	4,112,196	830,395	1,057,870	6,000,461
Level 3	14,187	-	-	14,187
	<u>5,759,386</u>	<u>1,096,138</u>	<u>1,057,870</u>	<u>7,913,394</u>

Level 1 financial instruments are measured in whole or in part by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, secondary market via dealer and broker, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2 financial instruments are measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions that are instruments for which pricing is obtained via pricing services but where prices have not been determined in an active market, instruments with fair values based on broker quotes, investment in unit and property trusts with fair values obtained via fund managers and instruments that are valued using the Company's own models whereby the majority of assumptions are market observable.

Level 3 financial instruments are determined in whole or in part using a valuation technique based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. The main asset class in this category are unquoted equity securities. Valuation techniques are used to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the instrument at the measurement date. However, the fair value measurement objective remains the same, that is, an exit price from the perspective of the Company. Therefore, unobservable inputs reflect the Company's own assumptions about the assumptions that market participants would use in pricing the instrument (including assumptions about risk). These inputs are developed based on the best information available, which might include the Company's own data.

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8 FINANCIAL INVESTMENTS (CONTINUED)

8f FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

The following table presents the changes in the Level 3 instruments:

	As at 30.06.2020 RM'000	AFS As at 31.12.2019 RM'000
At the beginning of the financial period/year	14,187	12,694
Fair value gains recognized in other comprehensive income	-	1,493
	<u>14,187</u>	<u>14,187</u>

9 INSURANCE CONTRACT LIABILITIES

	As at 30.06.2020 RM'000	As at 31.12.2019 RM'000
Life insurance contract liabilities	<u>7,304,943</u>	<u>7,258,035</u>

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

	As at 30.06.2020 RM'000	As at 31.12.2019 RM'000
Actuarial liabilities	5,787,471	5,709,211
Unallocated surplus	278,026	387,853
Provision for outstanding claims	211,565	185,007
Available-for-sale fair value adjustment	365,092	384,231
Asset revaluation surplus adjustment	44,648	44,648
Net asset value attributable to unitholders (Note 13)	618,141	547,085
	<u>7,304,943</u>	<u>7,258,035</u>

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9 **INSURANCE CONTRACT LIABILITIES (CONTINUED)**

	With DPF RM'000	Without DPF RM'000	Gross Total RM'000
At 1 January 2020	5,500,315	1,757,720	7,258,035
Premiums received	155,048	492,596	647,644
Liabilities paid for death, maturities, surrenders, benefits and claims	(293,460)	(197,977)	(491,437)
Benefits and claims experience variation	109,827	(8,219)	101,608
Policy movements	2,191	(92,148)	(89,957)
Adjustments due to changes in assumptions:			
Others	-	(1)	(1)
Movement in unallocated deficit	(109,827)	-	(109,827)
Available-for-sale fair value adjustment	(19,139)	-	(19,139)
Net asset value attributable to unitholders	-	(18,541)	(18,541)
Movement in provision for outstanding claims	11,810	14,748	26,558
At 30 June 2020	<u>5,356,765</u>	<u>1,948,178</u>	<u>7,304,943</u>
At 1 January 2019	5,593,286	1,331,975	6,925,261
Premiums received	353,321	977,539	1,330,860
Liabilities paid for death, maturities, surrenders, benefits and claims	(761,751)	(393,974)	(1,155,725)
Benefits and claims experience variation	(114,811)	(70,859)	(185,670)
Policy movements	345,022	(152,532)	192,490
Adjustments due to changes in assumptions:			
Mortality/morbidity	(14,152)	10,920	(3,232)
Lapse and surrender rates	(15,395)	(4,949)	(20,344)
Expenses	8,318	27,389	35,707
Others	(1,961)	(447)	(2,408)
Movement in unallocated surplus	121,742	-	121,742
Available-for-sale fair value adjustment	(36,617)	-	(36,617)
Net asset value attributable to unitholders	-	17,188	17,188
Movement in provision for outstanding claims	20,817	15,470	36,287
Asset revaluation surplus adjustment	2,496	-	2,496
At 31 December 2019	<u>5,500,315</u>	<u>1,757,720</u>	<u>7,258,035</u>

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10 CAPITAL COMMITMENTS

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

	As at <u>30.06.2020</u> RM'000	As at <u>31.12.2019</u> RM'000
Authorised and contracted but not provided for:		
- Computer hardware and software	8,203	2,664
- Renovation	119	169
- Bancassurance fee	-	84,000
	<u>8,322</u>	<u>86,833</u>

11 REGULATORY CAPITAL FRAMEWORK

The capital structure of the Company, consisting of all funds, as at 30 June 2020, as prescribed under the RBC Framework is provided below:

	As at <u>30.06.2020</u> RM'000	As at <u>31.12.2019</u> RM'000
Eligible Tier 1 Capital		
Share capital (paid-up)	226,000	226,000
Reserves, including retained earnings	1,792,597	1,943,451
Tier 2 Capital	526,510	516,017
Amount deducted from capital	(86,798)	(11,855)
Total capital available	<u>2,458,309</u>	<u>2,673,613</u>

The Company has met both the minimum and internal capital requirements specified in the RBC Framework for the six months period ended 30 June 2020 and for the financial year ended 31 December 2019.

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12 **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 and Insurance Regulations, 1996. The Company's statement of financial position and statement of comprehensive income have been further analysed by funds which includes Life Fund and the SHF. The Life insurance business offers a wide range of participating and non-participating Whole Life, Term Assurance, Endowment and Investment-linked products.

Management has determined the operating segments based on the reports reviewed by the Chief Executive Officer (Chief Operating decision maker). The company has two segments comprises Life Fund and Shareholders' Fund in Malaysia.

Unaudited Condensed Statement of Financial Position by Funds

	Shareholders' Fund		Life Fund		Inter-fund elimination		Total	
	30.06.2020	31.12.2019	30.06.2020	31.12.2019	30.06.2020	31.12.2019	30.06.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>ASSETS</b>								
Property, plant and equipment	-	-	173,562	175,480	-	-	173,562	175,480
Right-of-use assets	-	-	519	508	-	-	519	508
Investment properties	-	-	168,104	168,104	-	-	168,104	168,104
Intangible assets	75,600	-	11,198	11,855	-	-	86,798	11,855
Financial investments								
AFS financial assets	128,931	207,337	5,475,568	5,552,049	-	-	5,604,499	5,759,386
FVTPL financial assets	4,231	7,749	1,181,337	1,088,389	-	-	1,185,568	1,096,138
HTM financial assets	-	-	953,453	963,724	-	-	953,453	963,724
Loans and receivables	664	285	449,712	460,892	-	-	450,376	461,177
Insurance receivables	-	-	26,211	29,590	-	-	26,211	29,590
Other receivables	8,423	23,022	13,127	31,262	(3,786)	(19,003)	17,764	35,281
Cash and cash equivalents	20,321	7,376	426,289	347,087	-	-	446,610	354,463
<b>TOTAL ASSETS</b>	<b>238,170</b>	<b>245,769</b>	<b>8,879,080</b>	<b>8,828,940</b>	<b>(3,786)</b>	<b>(19,003)</b>	<b>9,113,464</b>	<b>9,055,706</b>

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12 **INSURANCE FUNDS (CONTINUED)**

Unaudited Condensed Statement of Financial Position by Funds (continued)

	Shareholders' Fund		Life Fund		Inter-fund elimination		Total	
	<u>30.06.2020</u>	<u>31.12.2019</u>	<u>30.06.2020</u>	<u>31.12.2019</u>	<u>30.06.2020</u>	<u>31.12.2019</u>	<u>30.06.2020</u>	<u>31.12.2019</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>EQUITY, POLICYHOLDERS' FUNDS AND LIABILITIES</b>								
Share capital	226,000	226,000	-	-	-	-	226,000	226,000
Retained earnings	2,756	17,222	641,834	635,257	-	-	644,590	652,479
Available-for-sale reserve	4,067	3,029	86,954	64,079	-	-	91,021	67,108
Asset revaluation reserve	-	-	3,208	3,208	-	-	3,208	3,208
<b>TOTAL EQUITY</b>	<b>232,823</b>	<b>246,251</b>	<b>731,996</b>	<b>702,544</b>	<b>-</b>	<b>-</b>	<b>964,819</b>	<b>948,795</b>
Insurance contract liabilities	-	-	7,304,943	7,258,035	-	-	7,304,943	7,258,035
Provision for agency long association benefits	-	-	32,271	31,378	-	-	32,271	31,378
Deferred tax liabilities	1,253	810	216,915	215,277	-	-	218,168	216,087
Insurance payables	-	-	527,591	522,603	-	-	527,591	522,603
Lease liabilities	-	-	593	543	-	-	593	543
(Tax recoverable)/current tax liabilities	(2,679)	(1,292)	10,857	15,309	-	-	8,178	14,017
Other payables	6,773	-	53,914	83,251	(3,786)	(19,003)	56,901	64,248
<b>TOTAL POLICYHOLDERS' FUNDS AND LIABILITIES</b>	<b>5,347</b>	<b>(482)</b>	<b>8,147,084</b>	<b>8,126,396</b>	<b>(3,786)</b>	<b>(19,003)</b>	<b>8,148,645</b>	<b>8,106,911</b>
<b>TOTAL EQUITY, POLICYHOLDERS' FUNDS AND LIABILITIES</b>	<b>238,170</b>	<b>245,769</b>	<b>8,879,080</b>	<b>8,828,940</b>	<b>(3,786)</b>	<b>(19,003)</b>	<b>9,113,464</b>	<b>9,055,706</b>

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12 INSURANCE FUNDS (CONTINUED)

Unaudited Condensed Statement of Financial Position by Funds (continued)

	<u>Shareholders' Fund</u>		<u>Life Fund</u>		<u>Inter-fund elimination</u>		<u>Total</u>	
	<u>30.06.2020</u>	<u>31.12.2019</u>	<u>30.06.2020</u>	<u>31.12.2019</u>	<u>30.06.2020</u>	<u>31.12.2019</u>	<u>30.06.2020</u>	<u>31.12.2019</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Additional information:								
Purchase of property, plant and equipment	-	-	1,179	3,805	-	-	1,179	3,805
Purchase of intangible assets	84,000	-	2,592	4,446	-	-	86,592	4,446



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12 INSURANCE FUNDS (CONTINUED)

Unaudited Condensed Statement of Comprehensive Income by Funds

	Shareholders' Fund		Life Fund		Inter-fund elimination		Total	
	6 months ended <u>30.06.2020</u> RM'000	6 months ended <u>30.06.2019</u> RM'000	6 months ended <u>30.06.2020</u> RM'000	6 months ended <u>30.06.2019</u> RM'000	6 months ended <u>30.06.2020</u> RM'000	6 months ended <u>30.06.2019</u> RM'000	6 months ended <u>30.06.2020</u> RM'000	6 months ended <u>30.06.2019</u> RM'000
Gross earned premium revenue	-	-	642,429	646,212	-	-	642,429	646,212
Premiums ceded to reinsurers	-	-	(23,368)	(22,665)	-	-	(23,368)	(22,665)
Net earned revenue	-	-	619,061	623,547	-	-	619,061	623,547
Investment income	2,105	3,848	173,838	167,789	-	-	175,943	171,637
Net realised gains/(losses)	1,000	45	(119,349)	57,138	-	-	(118,349)	57,183
Net fair value gains/(losses)	42	89	(12,821)	57,743	-	-	(12,779)	57,832
Commission income	-	-	4,290	1,727	-	-	4,290	1,727
Other income	3,147	3,982	45,958	284,397	-	-	49,105	288,379

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12 **INSURANCE FUNDS (CONTINUED)**

Unaudited Condensed Statement of Comprehensive Income by Funds (continued)

	Shareholders' Fund		Life Fund		Inter-fund elimination		Total	
	6 months ended 30.06.2020 RM'000	6 months ended 30.06.2019 RM'000	6 months ended 30.06.2020 RM'000	6 months ended 30.06.2019 RM'000	6 months ended 30.06.2020 RM'000	6 months ended 30.06.2019 RM'000	6 months ended 30.06.2020 RM'000	6 months ended 30.06.2019 RM'000
Gross benefits and claims paid	-	-	(491,228)	(522,506)	-	-	(491,228)	(522,506)
Claims ceded to reinsurers	-	-	11,350	10,929	-	-	11,350	10,929
Gross change to insurance contract liabilities	-	-	(39,489)	(194,239)	-	-	(39,489)	(194,239)
<b>Net insurance benefits and claims</b>	<b>-</b>	<b>-</b>	<b>(519,367)</b>	<b>(705,816)</b>	<b>-</b>	<b>-</b>	<b>(519,367)</b>	<b>(705,816)</b>
Commission and agency expenses	(2,164)	(2,970)	(68,474)	(68,831)	-	-	(70,638)	(71,801)
Management expenses	(9,910)	(14,268)	(69,195)	(73,736)	-	-	(79,105)	(88,004)
Other operating expenses – net	-	-	(43)	(98)	-	-	(43)	(98)
<b>Other expenses</b>	<b>(12,074)</b>	<b>(17,238)</b>	<b>(137,712)</b>	<b>(142,665)</b>	<b>-</b>	<b>-</b>	<b>(149,786)</b>	<b>(159,903)</b>
(Loss)/profit before taxation	(8,927)	(13,256)	7,940	59,463	-	-	(987)	46,207
Taxation	(539)	(528)	(1,363)	(28,517)	-	-	(1,902)	(29,045)
<b>Net (loss)/profit for the financial period</b>	<b>(9,466)</b>	<b>(13,784)</b>	<b>6,577</b>	<b>30,946</b>	<b>-</b>	<b>-</b>	<b>(2,889)</b>	<b>17,162</b>

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12 INSURANCE FUNDS (CONTINUED)

Unaudited Condensed Statement of Comprehensive Income by Funds (continued)

	Shareholders' Fund		Life Fund		Inter-fund elimination		Total	
	6 months ended <u>30.06.2020</u> RM'000	6 months ended <u>30.06.2019</u> RM'000	6 months ended <u>30.06.2020</u> RM'000	6 months ended <u>30.06.2019</u> RM'000	6 months ended <u>30.06.2020</u> RM'000	6 months ended <u>30.06.2019</u> RM'000	6 months ended <u>30.06.2020</u> RM'000	6 months ended <u>30.06.2019</u> RM'000
Other comprehensive income:								
<u>Items that may be reclassified subsequently to profit or loss</u>								
Fair value change on available-for-sale financial assets:								
Net (losses)/gains arising during financial period	2,366	4,091	(109,072)	181,234	-	-	(106,706)	185,325
Realised gains transferred to profit or loss	(1,000)	(45)	(19,612)	(57,792)	-	-	(20,612)	(57,837)
Impairment losses transferred to profit or loss	-	-	138,961	654	-	-	138,961	654
Tax effects thereon	(328)	(971)	(6,541)	(19,867)	-	-	(6,869)	(20,838)
Fair value gains, net of tax	1,038	3,075	3,736	104,229	-	-	4,774	107,304
Change in insurance contract liabilities arising from net fair value losses/(gains)	-	-	19,139	(64,473)	-	-	19,139	(64,473)
Net fair value change	1,038	3,075	22,875	39,756	-	-	23,913	42,831

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12 INSURANCE FUNDS (CONTINUED)

Unaudited Condensed Statement of Comprehensive Income by Funds (continued)

	Shareholders' Fund		Life Fund		Inter-fund elimination		Total	
	6 months ended 30.06.2020 RM'000	6 months ended 30.06.2019 RM'000	6 months ended 30.06.2020 RM'000	6 months ended 30.06.2019 RM'000	6 months ended 30.06.2020 RM'000	6 months ended 30.06.2019 RM'000	6 months ended 30.06.2020 RM'000	6 months ended 30.06.2019 RM'000
Other comprehensive income: (continued)								
Total other comprehensive income	1,038	3,075	22,875	39,756	-	-	23,913	42,831
Total comprehensive (loss)/income for the financial period	(8,428)	(10,709)	29,452	70,702	-	-	21,024	59,993
Additional information:								
Interest income	2,169	3,976	140,182	140,183	-	-	142,351	144,159
Interest expenses	-	-	(4,040)	(606)	-	-	(4,040)	(606)
Depreciation	-	-	(3,420)	(3,185)	-	-	(3,420)	(3,185)
Amortisation	(8,400)	(12,625)	(3,250)	(3,602)	-	-	(11,650)	(16,227)

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13 INVESTMENT-LINKED FUND

The unaudited condensed statement of financial position and unaudited condensed statement of comprehensive income of investment-linked fund represent the assets, liabilities and net asset values of TokioMarine Orient Fund ("TMOF"), TokioMarine Enterprise Fund ("TMEF"), TokioMarine Bond Fund ("TMBF"), TokioMarine Dana Ikhtiar ("TMDI") and TokioMarine Luxury Fund ("TMLX").

The unaudited condensed statement of financial position of the investment-linked fund is represented by:

	As at 30.06.2020 RM'000	As at 31.12.2019 RM'000
<b>ASSETS</b>		
Fair value through profit and loss financial assets	570,856	502,804
Deferred tax assets	1,077	184
Other receivables	1,512	3,276
Tax recoverable	395	-
Cash and cash equivalents	47,283	42,769
<b>TOTAL ASSETS</b>	<b>621,123</b>	<b>549,033</b>
<b>LIABILITIES</b>		
Current tax liabilities	-	864
Other payables	2,982	1,084
<b>TOTAL LIABILITIES</b>	<b>2,982</b>	<b>1,948</b>
Net asset value of funds (Note 9)	618,141	547,085

The unaudited condensed statement of financial position has been adjusted for TokioMarine Managed Fund ("TMMF") which have been eliminated as TMMF invested mainly in TMEF and TMBF during the financial period/year:

	As at 30.06.2020 RM'000	As at 31.12.2019 RM'000
<b>ASSETS</b>		
Investments in other linked funds of insurer	265,590	225,898
Cash and cash equivalents	2	1
Net asset value of TMMF	265,592	225,899

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13 INVESTMENT-LINKED FUND (CONTINUED)

The unaudited condensed statement of comprehensive income of the investment-linked fund is represented by:

	6 months ended <u>30.06.2020</u> RM'000	6 months ended <u>30.06.2019</u> RM'000
Investment income	9,561	5,673
Fair value (losses)/gains on investments	(27,012)	18,393
Other operating income – net	17	17
Other (loss)/income	<u>(17,434)</u>	<u>24,083</u>
Management fees	(2,971)	(2,231)
Management expenses	(13)	(12)
Other expenses	<u>(2,984)</u>	<u>(2,243)</u>
(Loss)/profit before taxation	(20,418)	21,840
Taxation	1,877	(1,693)
Net (loss)/profit for the financial period	<u><u>(18,541)</u></u>	<u><u>20,147</u></u>

The unaudited condensed statement of comprehensive income have been adjusted for TokioMarine Managed Fund (“TMMF”) which have been eliminated as TMMF invested mainly in TMEF and TMBF during the financial period:

	6 months ended <u>30.06.2020</u> RM'000	6 months ended <u>30.06.2019</u> RM'000
Fair value (loss)/gain on investments	(9,554)	5,601
Management expenses	(3)	(2)
Net (loss)/profit for the financial period	<u><u>(9,557)</u></u>	<u><u>5,599</u></u>

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14 ADDITIONAL DISCLOSURE UNDER AMENDMENTS TO MFRS 4 INSURANCE  
CONTRACT LIABILITIES

MFRS 9 replaces MFRS 139 “Financial Instruments: Recognition and Measurement”. MFRS 9 retains but simplifies the mixed measurement model in MFRS 139 and establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss and fair value through other comprehensive income (“OCI”). The basis of classification depends on the entity’s business model and the cash flow characteristics of the financial asset. Investments in equity instruments are always measured at fair value through profit or loss with an irrevocable option at inception to present changes in fair value in OCI (provided the instrument is not held for trading). A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest.

For liabilities, the standard retains most of the MFRS 139 requirements. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main changes are:

- For financial liabilities classified as FVTPL, the fair value changes due to own credit risk should be recognised directly to OCI. There is no subsequent recycling to profit or loss.
- When a financial liability measured at amortised cost is modified without this resulting in derecognition, a gain or loss, being the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate, should be recognised immediately in profit or loss.

MFRS 9 introduces an expected credit loss model on impairment that replaces the incurred loss impairment model used in MFRS 139. The expected credit loss model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

The Company’s business activities are predominantly insurance and hence qualify for the temporary exemption from applying MFRS 9 under the Amendments to MFRS 4, Insurance Contracts. Hence, the Company will defer and adopt MFRS 9 together with MFRS 17, Insurance Contracts on 1 January 2023.

The Company is currently assessing the financial impact that may arise from the adoption of MFRS 9 and intends to adopt MFRS 9 together with MFRS 17 on 1 January 2023.

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2020 (CONTINUED)**

14 **ADDITIONAL DISCLOSURE UNDER AMENDMENTS TO MFRS 4 INSURANCE CONTRACT LIABILITIES (CONTINUED)**

The following additional disclosures, required by Amendments to MFRS 4 for entity qualified and elected the temporary exemption from applying MFRS 9, present the Company's financial assets by their contractual cash flows characteristics, which indicate if they are solely payments of principal and interest on the principal outstanding ("SPPI"):

	<b>Financial assets with SPPI cash flows (RM'000)</b>	<b>All other financial assets (RM'000)</b>
Fair value at end of reporting date	5,901,220	2,308,014
Fair value changes during the financial period	77,877	(68,330)
Gross carrying amount under MFRS 139 by credit risk rating grades as defined in MFRS 7	5,901,220	2,308,014
Financial assets defined in MFRS 9 B5.5.22, to separately disclose the following financial assets that do not have low credit risk: Fair value Gross carrying amount	- - -	- - -

\* Insurance receivables and policy loans have been excluded from the above assessment as they are under the scope of MFRS 4 'Insurance Contracts'.

\* Other than the financial assets included in the table above and assets that are within the scope of MFRS 4 'Insurance Contracts', all other assets in the statement of financial position are non-financial asset.



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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2020 (CONTINUED)

14 ADDITIONAL DISCLOSURE UNDER AMENDMENTS TO MFRS 4 INSURANCE CONTRACT LIABILITIES (CONTINUED)

Financial assets with SPPI cash flows

	<u>AAA</u> RM'000	<u>AA</u> RM'000	<u>A</u> RM'000	<u>Government Guaranteed</u> RM'000	<u>Unrated</u> RM'000	<u>Total</u> RM'000
<u>30 June 2020</u>						
Investments						
Malaysian Government Securities	-	-	-	-	528,664	528,664
Malaysian Government Guaranteed Bond	-	-	-	1,568,049	-	1,568,049
Government Investment Issues	-	-	-	-	415,122	415,122
Corporate debt securities	1,122,938	1,451,381	290,361	-	58,991	2,923,671
Loans	-	-	-	-	1,340	1,340
Other receivables	-	-	-	-	17,764	17,764
Cash and cash equivalents	275,121	171,350	-	-	139	446,610
	<u>1,398,059</u>	<u>1,622,731</u>	<u>290,361</u>	<u>1,568,049</u>	<u>1,022,020</u>	<u>5,901,220</u>

All financial assets with SPPI cash flows of the Company as at 30 June 2020 have low credit risk.