

**AXA AFFIN GENERAL INSURANCE BERHAD**

(Company No. 23820-W)

(Incorporated in Malaysia)

**Unaudited Interim Financial Statements  
For the 6-Month Financial Period From  
1 January 2013 to 30 June 2013**

**AXA AFFIN GENERAL INSURANCE BERHAD**  
(Company No. 23820-W)  
(Incorporated in Malaysia)

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**AXA AFFIN GENERAL INSURANCE BERHAD**

(Company No. 23820-W)

(Incorporated in Malaysia)

**UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2013**

	Note	30.06.2013		31.12.2012		01.01.2012	
		Group RM'000	Company RM'000	Group RM'000	Company RM'000	Group RM'000	Company RM'000
<b>Assets</b>							
Property, plant and equipment		16,704	16,704	16,446	16,446	15,844	15,844
Intangible asset - software		4,987	4,987	6,279	6,279	5,185	5,185
Goodwill		165,822	165,822	165,822	165,822	165,822	165,822
Investment in a subsidiary		-	220,388	-	220,388	-	268,658
Other investments	10	1,376,948	1,376,948	1,280,881	1,280,881	1,063,124	1,063,124
Available-for-sale financial assets		726,894	726,894	736,010	736,010	570,160	570,160
Loans and receivables		650,054	650,054	544,871	544,871	492,964	492,964
Reinsurance assets	11	197,607	197,607	206,294	206,294	159,959	159,959
Insurance receivables		150,658	150,658	128,663	128,663	122,810	122,810
Other receivables		31,531	31,531	35,520	35,487	43,810	43,810
Deferred tax asset		2,908	2,908	3,662	3,662	-	-
Tax recoverable		-	-	-	-	11,219	11,219
Cash and cash equivalents		28,965	28,850	21,507	21,476	28,930	28,687
Total assets		<u>1,976,130</u>	<u>2,196,403</u>	<u>1,865,074</u>	<u>2,085,398</u>	<u>1,616,703</u>	<u>1,885,118</u>
<b>Equity and liabilities</b>							
Share capital		119,048	119,048	119,048	119,048	119,048	119,048
Share premiums		71,597	71,597	71,597	71,597	71,597	71,597
Retained earnings		358,953	361,730	341,058	343,821	258,739	261,202
Available-for-sale reserve		16,277	13,910	14,015	11,648	22,621	20,254
Revaluation reserve		9,342	9,342	9,342	9,342	7,917	7,917
Share option reserve		2,271	2,271	2,271	2,271	2,270	2,270
Total equity		<u>577,488</u>	<u>577,898</u>	<u>557,331</u>	<u>557,727</u>	<u>482,192</u>	<u>482,288</u>
Insurance contract liabilities	12	1,036,707	1,036,707	941,589	941,589	813,446	813,446
Deferred tax liabilities		-	-	-	-	141	141
Borrowings		150,000	150,000	150,000	150,000	150,000	150,000
Insurance payables		159,057	159,057	157,064	157,064	141,500	141,500
Other payables		43,844	264,025	44,255	264,603	29,226	297,743
Tax payable		9,034	8,716	14,835	14,415	198	-
Total liabilities		<u>1,398,642</u>	<u>1,618,505</u>	<u>1,307,743</u>	<u>1,527,671</u>	<u>1,134,511</u>	<u>1,402,830</u>
Total equity and liabilities		<u>1,976,130</u>	<u>2,196,403</u>	<u>1,865,074</u>	<u>2,085,398</u>	<u>1,616,703</u>	<u>1,885,118</u>

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

**UNAUDITED STATEMENTS OF INCOME  
FOR THE 6-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2013**

	30.06.2013		30.06.2012	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Operating revenue	466,321	466,321	407,801	407,801
Gross written premiums	468,457	468,457	423,301	423,301
Change in unearned premiums provision	(25,141)	(25,141)	(35,522)	(35,522)
Gross earned premiums	443,316	443,316	387,779	387,779
Gross written premiums ceded to reinsurers	(106,496)	(106,496)	(91,014)	(91,014)
Change in unearned premiums provision	(21,824)	(21,824)	44,622	44,622
Premiums ceded to reinsurers	(128,320)	(128,320)	(46,392)	(46,392)
Net earned premiums	314,996	314,996	341,387	341,387
Investment income	23,005	23,005	20,022	20,022
Realised gains and losses	164	164	2,840	2,840
Reinsurance commission income	19,610	19,610	17,398	17,398
Other operating revenue	-	-	154	154
Other revenue	42,779	42,779	40,414	40,414
Gross claims paid	(180,141)	(180,141)	(177,473)	(177,473)
Claims ceded to reinsurance	32,994	32,994	39,298	39,298
Gross change to contract liabilities	(69,977)	(69,977)	(44,208)	(44,208)
Change to contract liabilities ceded to reinsurance	13,137	13,137	(9,749)	(9,749)
Net claims incurred	(203,987)	(203,987)	(192,132)	(192,132)
Commission expense	(58,577)	(58,577)	(52,637)	(52,637)
Management expenses	(64,994)	(64,980)	(56,465)	(56,444)
Finance costs	(5,984)	(5,984)	(6,016)	(6,016)
Other operating expenses	(368)	(368)	-	-
Other expenses	(129,923)	(129,909)	(115,118)	(115,097)
Profit before taxation	23,865	23,879	74,550	74,572
Taxation	(5,970)	(5,970)	(18,637)	(18,643)
Net profit for the financial period	17,895	17,909	55,913	55,929
Basic earnings per share (sen)	15.03	15.04	46.97	46.98

**UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE 6-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2013**

	30.06.2013		30.06.2012	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Net profit for the financial period	17,895	17,909	55,913	55,929
<b>Other comprehensive income</b>				
Available-for-sale reserve:				
Net gain arising during the financial period	3,016	3,016	2,554	2,554
Tax effect thereon	(754)	(754)	(639)	(639)
	2,262	2,262	1,915	1,915
Total comprehensive income for the financial period	20,157	20,171	57,828	57,844

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

**AXA AFFIN GENERAL INSURANCE BERHAD**

(Company No. 23820-W)

(Incorporated in Malaysia)

**UNAUDITED STATEMENTS OF CHANGES IN EQUITY  
FOR THE 6-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2013**

<b>GROUP</b>	<b>Share capital RM'000</b>	<b>Share premiums RM'000</b>	<b>Revaluation reserve RM'000</b>	<b>Share option reserve RM'000</b>	<b>AFS reserve RM'000</b>	<b>Retained earnings RM'000</b>	<b>Total RM'000</b>
At 1 January 2013	119,048	71,597	9,342	2,271	14,015	341,058	557,331
Total comprehensive income for the financial period	-	-	-	-	2,262	17,895	20,157
At 30 June 2013	119,048	71,597	9,342	2,271	16,277	358,953	577,488
At 1 January 2012	119,048	71,597	7,917	2,270	22,621	258,739	482,192
Total comprehensive income for the financial period	-	-	-	-	1,915	55,913	57,828
At 30 June 2012	119,048	71,597	7,917	2,270	24,536	314,652	540,020

<b>COMPANY</b>	Non-distributable				Distributable		<b>Total RM'000</b>
	<b>Share capital RM'000</b>	<b>Share premiums RM'000</b>	<b>Revaluation reserve RM'000</b>	<b>Share option reserve RM'000</b>	<b>AFS reserve RM'000</b>	<b>Retained earnings RM'000</b>	
At 1 January 2013	119,048	71,597	9,342	2,271	11,648	343,821	557,727
Total comprehensive income for financial year	-	-	-	-	2,262	17,909	20,171
At 30 June 2013	119,048	71,597	9,342	2,271	13,910	361,730	577,898
At 1 January 2012	119,048	71,597	7,917	2,270	20,254	261,202	482,288
Total comprehensive income for financial year	-	-	-	-	1,915	55,929	57,844
At 30 June 2012	119,048	71,597	7,917	2,270	22,169	317,131	540,132

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

**AXA AFFIN GENERAL INSURANCE BERHAD**

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(Incorporated in Malaysia)

**UNAUDITED STATEMENTS OF CASH FLOWS  
FOR THE 6-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2013**

	30.06.2013		30.06.2012	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
<b>Operating Activities</b>				
Net profit for the financial period	17,895	17,909	55,913	55,929
Investment income	(23,005)	(23,005)	(20,022)	(20,022)
Realised gains and losses	(164)	(164)	(2,840)	(2,840)
Fair value gains and losses	-	-	-	-
Taxation	5,970	5,970	18,637	18,643
Purchase of AFS financial assets	(26,697)	(26,697)	(201,953)	(201,953)
Proceeds from disposal of AFS financial assets	587	587	13,432	13,432
Proceeds from maturity of AFS financial assets	36,000	36,000	38,000	38,000
Share-based compensation	-	-	-	-
Non-cash items:				
Depreciation of property, plant and equipment	893	893	1,081	1,081
Amortisation of intangible asset - software	1,213	1,213	1,310	1,310
Allowance of impairment of insurance receivables	-	-	110	110
Changes in working capital:				
Decrease/(increase) in loans and receivables	(105,028)	(105,028)	32,237	32,237
Decrease/(increase) in reinsurance assets	8,687	8,687	(34,872)	(34,872)
Decrease/(increase) in insurance receivables	(21,995)	(21,995)	580	580
Decrease/(increase) in other receivables	3,956	3,956	(9,740)	(9,740)
Increase in insurance contract liabilities	95,119	95,119	79,730	79,730
(Decrease)/increase in insurance payables	1,993	1,993	(8,630)	(8,630)
(Decrease)/increase in other payables	(411)	(578)	8,942	9,062
Cash generated from operating activities	(4,987)	(5,140)	(28,085)	(27,943)
Dividend income received	571	571	1,575	1,575
Interest income received	24,683	24,683	20,505	20,505
Income tax paid	(11,740)	(11,671)	(1,021)	(968)
Net cash inflows from operating activities	8,527	8,443	(7,026)	(6,831)

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

**AXA AFFIN GENERAL INSURANCE BERHAD**

(Company No. 23820-W)

(Incorporated in Malaysia)

**UNAUDITED STATEMENTS OF CASH FLOWS****FOR 6-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2013 (CONTINUED)**

	<b>30.06.2013</b>		<b>30.06.2012</b>	
	<b>Group RM'000</b>	<b>Company RM'000</b>	<b>Group RM'000</b>	<b>Company RM'000</b>
<b>Investing Activities</b>				
Proceeds from disposals of property, plant and equipment	2	2	-	-
Purchase of property, plant and equipment	(1,098)	(1,098)	(657)	(657)
Purchase of intangible asset - software	27	27	(2,604)	(2,604)
Net cash outflows from investing activities	<u>(1,069)</u>	<u>(1,069)</u>	<u>(3,261)</u>	<u>(3,261)</u>
<b>Financing Activities</b>				
Repayment of borrowings	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net cash (outflows)/inflows from financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents	7,458	7,374	(10,287)	(10,092)
Cash and cash equivalents at the beginning of the financial year	<u>21,507</u>	<u>21,476</u>	<u>28,930</u>	<u>28,687</u>
Cash and cash equivalents at the end of the financial year	<u><u>28,965</u></u>	<u><u>28,850</u></u>	<u><u>18,643</u></u>	<u><u>18,595</u></u>
Cash and cash equivalents comprise:				
Cash and bank balances	<u><u>28,965</u></u>	<u><u>28,850</u></u>	<u><u>18,643</u></u>	<u><u>18,595</u></u>

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

**NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2013**

**1. Basis of preparation**

The interim financial statements of AXA Affin General Insurance Berhad (“the Company”) are unaudited and have been prepared in accordance with Malaysia Financial Reporting Standards (“MFRS”) as modified by Guidelines/Circulars issued by Bank Negara Malaysia (“BNM”). They do not include all information required for full annual financial statements, and should be read in conjunction with the Company’s annual financial statements for the year ended 31 December 2012.

**2. Comments on seasonality or cyclicity**

The business operations of the Company were not significantly affected by seasonality or cyclical factors for the financial period ended 30 June 2013.

**3. Unusual item affecting assets, liabilities, equity, net income or cash flows**

There were no items affecting assets, liabilities, equity, net income, or cash flows which are unusual because of their nature, size, or incidence for the financial period ended 30 June 2013.

**4. Changes in estimates**

In the previous financial period, the Company made a one-off adjustment to change the estimates of the provisions of unearned premium reserves (“UPR”).

This change in estimates of UPR had a positive financial impact in the previous financial statements.

**5. Issues, repurchases and repayments of debt and equity securities**

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities by the Company for the financial period ended 30 June 2013.

**6. Dividend paid**

No dividend was paid during the financial period ended 30 June 2013.

**7. Events after the interim period**

There were no material events after the financial period that had not been reflected in the financial statements for the financial period ended 30 June 2013.

**8. Effect of changes in the composition of the Company**

There were no changes in the composition of the Company for the financial period ended 30 June 2013.

**9. Changes in contingent liabilities or contingent assets**

The Company did not have any contingent assets or liabilities at or arisen after the balance sheet date.



**AXA AFFIN GENERAL INSURANCE BERHAD**

(Company No. 23820-W)

(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2013 (CONTINUED)**
**10 OTHER INVESTMENTS**

	30.06.2013		31.12.2012		01.01.2012	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Available-for-sale ("AFS") financial assets	726,894	726,894	736,010	736,010	570,160	570,160
Loans and receivables ("LAR")	650,054	650,054	544,871	544,871	492,964	492,964
	<u>1,376,948</u>	<u>1,376,948</u>	<u>1,280,881</u>	<u>1,280,881</u>	<u>1,063,124</u>	<u>1,063,124</u>
<b>Maturing after 12 months:</b>						
AFS financial assets	546,280	546,280	657,081	657,081	417,331	417,331
LAR	419	419	515	515	1,142	1,142
	<u>546,699</u>	<u>546,699</u>	<u>657,596</u>	<u>657,596</u>	<u>418,473</u>	<u>418,473</u>
<b>(a) AFS financial assets:</b>						
<u>At fair value</u>						
Malaysian Government Securities						
- unquoted in Malaysia	424,388	424,388	437,698	437,698	347,130	347,130
Corporate debt securities						
- unquoted in Malaysia	265,680	265,680	268,181	268,181	163,934	163,934
Equity securities						
- quoted in Malaysia	36,267	36,267	29,881	29,881	58,846	58,846
- unquoted in Malaysia	250	250	250	250	250	250
REITs/unit trusts						
- quoted in Malaysia	309	309	-	-	-	-
	<u>726,894</u>	<u>726,894</u>	<u>736,010</u>	<u>736,010</u>	<u>570,160</u>	<u>570,160</u>
<b>(b) LAR</b>						
<u>At amortised cost</u>						
Loans	651	651	951	951	1,765	1,765
Fixed and call deposits	649,403	649,403	543,920	543,920	491,199	491,199
	<u>650,054</u>	<u>650,054</u>	<u>544,871</u>	<u>544,871</u>	<u>492,964</u>	<u>492,964</u>
<b>(c) Carrying value of financial instruments</b>						
	<b>AFS RM'000</b>	<b>LAR RM'000</b>	<b>Total RM'000</b>			
<b>Group and Company</b>						
At 1 January 2012	570,160	492,964	1,063,124			
Purchases	295,064	1,777,424	2,072,488			
Maturities	(90,000)	(1,723,426)	(1,813,426)			
Disposals	(26,084)	-	(26,084)			
Fair value gains recorded in other comprehensive income	(11,475)	-	(11,475)			
Movement in impairment allowance	(346)	-	(346)			
Amortisation adjustment	(3,368)	-	(3,368)			
Movement in interest income accrued	2,059	(2,091)	(32)			
At 31 December 2012	<u>736,010</u>	<u>544,871</u>	<u>1,280,881</u>			
Purchases	26,697	1,164,984	1,191,681			
Maturities	(36,000)	(1,059,956)	(1,095,956)			
Disposals	(425)	-	(425)			
Fair value gains recorded in other comprehensive income	3,016	-	3,016			
Amortisation adjustment	(2,070)	-	(2,070)			
Movement in interest income accrued	(334)	155	(179)			
At 30 June 2013	<u>726,894</u>	<u>650,054</u>	<u>1,376,948</u>			

**NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2013 (CONTINUED)**

**11 REINSURANCE ASSETS**

	30.06.2013		31.12.2012		01.01.2012	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Claims liabilities	159,585	159,585	146,448	146,448	146,721	146,721
Premium liabilities	38,022	38,022	59,846	59,846	13,238	13,238
	<u>197,607</u>	<u>197,607</u>	<u>206,294</u>	<u>206,294</u>	<u>159,959</u>	<u>159,959</u>

**12 INSURANCE CONTRACT LIABILITIES**

**GROUP AND COMPANY**

	30.06.2013			31.12.2012			01.01.2012		
	Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000
Provision for claims reported by policyholders	453,613	(111,754)	341,859	448,271	(121,311)	326,960	444,225	(150,309)	293,916
Provision for IBNR claims	233,283	(47,831)	185,452	168,648	(25,137)	143,511	79,286	3,588	82,874
Claims liabilities	686,896	(159,585)	527,311	616,919	(146,448)	470,471	523,511	(146,721)	376,790
Premium liabilities	349,811	(38,022)	311,789	324,670	(59,846)	264,824	289,935	(13,238)	276,697
	<u>1,036,707</u>	<u>(197,607)</u>	<u>839,100</u>	<u>941,589</u>	<u>(206,294)</u>	<u>735,295</u>	<u>813,446</u>	<u>(159,959)</u>	<u>653,487</u>

(i) Claims liabilities

**GROUP AND COMPANY**

	30.06.2013			31.12.2012			01.01.2012		
	Gross RM'000	RI RM'000	Net RM'000	Gross RM'000	RI RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000
At 1 January	616,919	(146,448)	470,471	523,511	(146,721)	376,790	488,506	(173,642)	314,864
Claims incurred in the current accident year	251,992	(47,460)	204,532	460,827	(82,481)	378,346	401,286	(83,231)	318,055
Movement in claims incurred in prior years	(7,406)	2,464	(4,942)	(6,170)	13,744	7,574	7,289	9,150	16,439
Movement in PRAD	4,517	(1,135)	3,382	11,130	(1,919)	9,211	(4,882)	4,885	3
Movement in claims handling expenses	1,015	-	1,015	1,457	-	1,457	(698)	-	(698)
Claims paid during the financial year	(180,141)	32,994	(147,147)	(373,836)	70,929	(302,907)	(367,990)	96,117	(271,873)
At 30 June/31 December	<u>686,896</u>	<u>(159,585)</u>	<u>527,311</u>	<u>616,919</u>	<u>(146,448)</u>	<u>470,471</u>	<u>523,511</u>	<u>(146,721)</u>	<u>376,790</u>

(ii) Premium liabilities

**GROUP AND COMPANY**

At 1 January	324,670	(59,846)	264,824	289,935	(13,238)	276,697	291,367	(61,425)	229,942
Premiums written in the financial period	468,457	(106,496)	361,961	826,929	(189,085)	637,844	700,437	(161,878)	538,559
Premiums earned during the financial period	(443,316)	128,320	(314,996)	(792,194)	142,477	(649,717)	(701,869)	210,065	(491,804)
At 30 June/31 December	<u>349,811</u>	<u>(38,022)</u>	<u>311,789</u>	<u>324,670</u>	<u>(59,846)</u>	<u>264,824</u>	<u>289,935</u>	<u>(13,238)</u>	<u>276,697</u>

**AXA AFFIN GENERAL INSURANCE BERHAD**(Company No. 23820-W)  
(Incorporated in Malaysia)**NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2013 (CONTINUED)****13 OPERATING LEASE REQUIREMENTS**

The Group and Company (as lessee) have entered into non-cancellable operating lease agreements on the rental of offices for branch operations. These leases have remaining non-cancellable lease terms not later than 5 years.

	30.06.2013		31.12.2012		01.01.2012	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Not later than 1 year	2,650	2,650	3,995	3,995	2,471	2,471
Later than 1 year and not later than 5 years	1,196	1,196	596	596	687	687
	<u>3,847</u>	<u>3,847</u>	<u>4,591</u>	<u>4,591</u>	<u>3,158</u>	<u>3,158</u>

**14 CAPITAL COMMITMENTS**

	30.06.2013		31.12.2012		01.01.2012	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Capital expenditure approved and contracted for:						
Property, plant and equipment	<u>3,572</u>	<u>3,572</u>	<u>4,670</u>	<u>4,670</u>	<u>3,736</u>	<u>3,736</u>

**15 CAPITAL STRUCTURE**

The capital structure of the Company as at 30 June 2013, as prescribed under the RBC Framework is provided below:

	30.06.2013 RM'000	31.12.2012 RM'000	01.01.2012 RM'000
<u>Eligible Tier 1 capital</u>			
Share capital (paid up)	119,048	119,048	119,048
Share premium	71,597	71,597	71,597
Retained earnings	<u>361,730</u>	<u>343,821</u>	<u>261,202</u>
	<u>552,375</u>	<u>534,466</u>	<u>451,847</u>
<u>Tier 2 capital</u>			
AFS reserve	13,910	11,648	20,254
Revaluation reserve	9,342	9,342	7,917
Share option reserve	2,271	2,271	2,270
Subordinated loan	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>
	<u>175,523</u>	<u>173,261</u>	<u>180,441</u>
<u>Deductions</u>			
Goodwill	(165,822)	(165,822)	(165,822)
Deferred tax assets	<u>(2,908)</u>	<u>(3,777)</u>	<u>-</u>
Total capital available	<u>559,168</u>	<u>538,128</u>	<u>466,466</u>