

AXA AFFIN GENERAL INSURANCE BERHAD

(Company No. 23820 W)

(Incorporated in Malaysia)

Unaudited Condensed Interim Financial Statements

For the 6-Month Financial Period From

1 January 2020 to 30 June 2020

Company No.
23820 W

AXA AFFIN GENERAL INSURANCE BERHAD
(Incorporated in Malaysia)

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AXA AFFIN GENERAL INSURANCE BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Note	30.06.2020		31.12.2019	
		Group RM'000	Company RM'000	Group RM'000	Company RM'000
<u>Assets</u>					
Property, plant and equipment		22,997	22,997	24,304	24,304
Intangible asset - software		29,512	29,512	30,953	30,953
Goodwill		165,822	165,822	165,822	165,822
Investments	10	2,946,853	2,809,444	2,797,622	2,657,366
Available-for-sale ("AFS") financial assets		1,372,209	2,064,393	1,134,518	1,617,994
Loans and receivables ("LAR")		1,574,644	745,051	1,663,104	1,039,372
Right-of-use assets		17,396	17,396	13,510	13,510
Reinsurance assets	11	298,119	298,119	292,523	292,523
Insurance receivables		299,281	299,281	232,633	232,633
Other receivables and prepayments		66,668	66,632	68,627	67,097
Deferred tax assets		-	-	3,372	3,378
Tax recoverable		14,692	14,692	17,971	17,971
Cash and cash equivalents		78,950	48,897	68,975	68,953
Total assets		<u>3,940,290</u>	<u>3,772,792</u>	<u>3,716,312</u>	<u>3,574,510</u>
<u>Equity and liabilities</u>					
Share capital		190,645	190,645	190,645	190,645
Retained earnings		1,013,845	1,014,060	992,111	992,259
AFS reserve		42,391	42,457	28,606	28,588
Revaluation reserve		13,181	13,181	13,181	13,181
Share option reserve		4,801	4,801	4,801	4,801
Total equity		<u>1,264,863</u>	<u>1,265,144</u>	<u>1,229,344</u>	<u>1,229,474</u>
Insurance contract liabilities	12	1,968,434	1,968,434	1,854,356	1,854,356
Borrowing		70,107	70,107	70,025	70,025
Insurance payables		281,890	281,890	261,691	261,691
Other payables		336,148	168,341	286,979	145,047
Lease liabilities		17,873	17,873	13,917	13,917
Deferred tax liabilities		975	1,003	-	-
Total liabilities		<u>2,675,427</u>	<u>2,507,648</u>	<u>2,486,968</u>	<u>2,345,036</u>
Total equity and liabilities		<u>3,940,290</u>	<u>3,772,792</u>	<u>3,716,312</u>	<u>3,574,510</u>

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

AXA AFFIN GENERAL INSURANCE BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED STATEMENTS OF INCOME
FOR THE 6-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2020

	30.06.2020		30.06.2019
	Group RM'000	Company RM'000	Company RM'000
Gross earned premiums	675,537	675,537	677,202
Premiums ceded to reinsurers	(120,009)	(120,009)	(100,782)
Net earned premiums	<u>555,528</u>	<u>555,528</u>	<u>576,420</u>
Investment income	55,627	52,601	57,381
Realised gains and losses	198	198	108
Realised and unrealised foreign exchange losses	(1,395)	(1,395)	(26)
Reinsurance commission income	22,930	22,930	19,268
Other operating revenue	413	413	156
Other revenue	<u>77,773</u>	<u>74,747</u>	<u>76,887</u>
Gross claims paid	(318,232)	(318,232)	(436,929)
Claims ceded to reinsurers	30,936	30,936	45,250
Gross change to claims liabilities	(101,537)	(101,537)	(36,036)
Change to claims liabilities ceded to reinsurers	(106)	(106)	61
Net claims incurred	<u>(388,939)</u>	<u>(388,939)</u>	<u>(427,654)</u>
Commission expense	(76,032)	(76,032)	(75,292)
Management expenses	(136,135)	(135,256)	(115,330)
Finance costs	(2,135)	(2,135)	(4,213)
Other operating expenses	-	-	-
Other expenses	<u>(214,302)</u>	<u>(213,423)</u>	<u>(194,835)</u>
Profit before taxation	30,060	27,913	30,818
Taxation	(6,112)	(6,112)	(2,690)
Net profit for the financial period	<u>23,948</u>	<u>21,801</u>	<u>28,128</u>
Attributable to:			
Equity holders of the parent	21,734	21,801	28,128
Non-controlling interests	2,214	-	-
	<u>23,948</u>	<u>21,801</u>	<u>28,128</u>
Basic earnings per share (sen)		<u>18</u>	<u>24</u>

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

AXA AFFIN GENERAL INSURANCE BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE 6-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2020

	30.06.2020		30.06.2019
	Group	Company	Company
	RM'000	RM'000	RM'000
Net profit for the financial period	23,948	21,801	28,128
Other comprehensive income			
<u>Items that may be subsequently reclassified to the statement of income:</u>			
Available-for-sale reserve:			
Net gains arising during the period	18,338	18,448	19,853
Net realised gains transferred to income statement	(198)	(198)	(108)
Tax effect thereon	(4,355)	(4,381)	(4,739)
	<u>13,785</u>	<u>13,869</u>	<u>15,006</u>
Total comprehensive income for the financial period	<u>37,733</u>	<u>35,670</u>	<u>43,134</u>
Attributable to:			
Equity holders of the parent	35,519	35,670	43,134
Non-controlling interests	2,214	-	-
	<u>37,733</u>	<u>35,670</u>	<u>43,134</u>

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

Company No.
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AXA AFFIN GENERAL INSURANCE BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY
FOR THE 6-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2020

	Share capital RM'000	Non-distributable			Distributable	Total RM'000
		Revaluation reserve RM'000	Share option reserve RM'000	AFS reserve RM'000	Retained earnings RM'000	
Group						
At 1 January 2020	190,645	13,181	4,801	28,606	992,111	1,229,344
Total comprehensive income for the financial period	-	-	-	13,785	21,734	35,519
At 30 June 2020	<u>190,645</u>	<u>13,181</u>	<u>4,801</u>	<u>42,391</u>	<u>1,013,845</u>	<u>1,264,863</u>
Company						
At 1 January 2020	190,645	13,181	4,801	28,588	992,259	1,229,474
Total comprehensive income for the financial period	-	-	-	13,869	21,801	35,670
At 30 June 2020	<u>190,645</u>	<u>13,181</u>	<u>4,801</u>	<u>42,457</u>	<u>1,014,060</u>	<u>1,265,144</u>
At 1 January 2019	190,645	13,175	4,801	7,813	921,388	1,137,822
Total comprehensive income for the financial period	-	-	-	15,006	28,128	43,134
At 30 June 2019	<u>190,645</u>	<u>13,175</u>	<u>4,801</u>	<u>22,819</u>	<u>949,516</u>	<u>1,180,956</u>

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AXA AFFIN GENERAL INSURANCE BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE 6-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2020

	30.06.2020		30.06.2019
	Group	Company	Company
	RM'000	RM'000	RM'000
Operating activities			
Net profit for the financial year	23,948	21,801	28,128
Investment income	(55,627)	(52,601)	(57,381)
Finance costs	2,135	2,135	4,213
Realised gains and losses	(198)	(198)	(108)
Taxation	6,112	6,112	2,690
Purchase of AFS financial assets	(245,957)	(504,531)	(186,731)
Proceeds from disposal of AFS financial assets	7,670	57,670	260,131
Proceeds from maturity of AFS financial assets	20,000	20,000	53,700
Interest on lease liabilities	423	423	-
Non-cash items:			
Depreciation of property, plant and equipment	2,116	2,116	2,958
Depreciation of right-of-use assets	2,405	2,405	2,637
Amortisation of intangible asset - software	6,610	6,610	4,573
Realised and unrealised foreign exchange loss	1,395	1,395	26
Allowance for impairment of insurance receivables	666	666	-
Changes in working capital:			
Decrease/(increase) in loans and receivables	87,844	293,705	(182,293)
(Increase)/decrease in reinsurance assets	(5,596)	(5,596)	1,065
Increase in insurance receivables	(67,314)	(67,314)	(4,412)
Increase in other receivables	(259)	(1,753)	(3,030)
Increase in insurance contract liabilities	114,078	114,078	35,993
Increase in insurance payables	20,199	20,199	23,291
Increase/(decrease) in other payables	49,169	23,294	(24,060)
Cash used in operating activities	<u>(30,181)</u>	<u>(59,384)</u>	<u>(38,610)</u>
Dividend income received	2,154	11,169	9,128
Interest income received	51,624	41,781	47,646
Income tax paid	(2,833)	(2,833)	(23,028)
Net cash inflows/(outflows) from operating activities	<u>20,764</u>	<u>(9,267)</u>	<u>(4,864)</u>
Investing activities			
Proceeds from disposals of property, plant and equipment	-	-	2
Purchase of property, plant and equipment	(809)	(809)	(636)
Purchase of intangible asset - software	(5,169)	(5,169)	(6,171)
Net cash outflows from investing activities	<u>(5,978)</u>	<u>(5,978)</u>	<u>(6,805)</u>

AXA AFFIN GENERAL INSURANCE BERHAD
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UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE 6-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2020

	30.06.2020		30.06.2019
	Group RM'000	Company RM'000	Company RM'000
Financing activities			
Interest paid on borrowing	(2,053)	(2,053)	(4,135)
Payment of lease liabilities	(2,758)	(2,758)	(2,421)
Net cash outflows from financing activities	<u>(4,811)</u>	<u>(4,811)</u>	<u>(6,556)</u>
Net increase/(decrease) in cash and cash equivalents	9,975	(20,056)	(18,225)
Cash and cash equivalents at the the beginning of the financial period	<u>68,975</u>	<u>68,953</u>	<u>48,542</u>
Cash and cash equivalents at the end of the financial period	<u>78,950</u>	<u>48,897</u>	<u>30,317</u>
Cash and cash equivalents comprise:			
Cash and bank balances	<u>78,950</u>	<u>48,897</u>	<u>30,317</u>

Reconciliation of liabilities arising from financing activities

Group and Company

	30.06.2020		30.06.2019	
	Principal RM'000	Interest payable RM'000	Principal RM'000	Interest payable RM'000
Subordinated loans				
As at 1 January	70,000	25	130,000	100
Cash flows	-	(2,053)	-	(4,135)
Finance costs	-	2,135	-	4,213
As at 30 June	<u>70,000</u>	<u>107</u>	<u>130,000</u>	<u>178</u>

Lease liabilities

As at 1 January 2020	13,917
Interest expense	423
Cash flows	3,533
As at 30 June 2020	<u>17,873</u>

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

AXA AFFIN GENERAL INSURANCE BERHAD
(Incorporated in Malaysia)

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

1. BASIS OF PREPARATION

Statement of compliance

The unaudited condensed interim financial statements of AXA Affin General Insurance Berhad ("the Company") are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards ("MFRS") 134 *Interim Financial Reporting* and International Accounting Standards ("IAS") 34 *Interim Financial Reporting*. They do not include all of the 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 2019.

The accounting policies and presentation adopted by the Company for the unaudited condensed interim financial statements are consistent with those adopted in the Company's audited financial statements for the financial year ended 31 December 2019, except for the adoption of the following:

	Effective date
- Amendments to MFRS 3 'Definition of Business'	1 January 2020
- Amendments to MFRS 9, MFRS 139 and MFRS 7 'Interest Rate Benchmark Reform'	1 January 2020
- Amendments to MFRS 101 and MFRS 108 'Definition of Material'	1 January 2020

The initial application of the abovementioned amendments to published standards did not have any material impact to the current and prior periods financial statements upon their first adoption.

2. COMMENTS ON SEASONALITY OR CYCLICALITY

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

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 current interim period ended 30 June 2020.

4. CHANGES IN ESTIMATES

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

5. ISSUES, REPURCHASES AND REPAYMENTS OF DEBT AND EQUITY SECURITIES

There were no other issuances, cancellations, repurchases, resale and repayments of debt and equity securities by the Company during the financial period under review.

6. DIVIDEND PAID

No dividend was paid during the current interim period ended 30 June 2020.

AXA AFFIN GENERAL INSURANCE BERHAD
(Incorporated in Malaysia)

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

7. EVENTS AFTER THE INTERIM PERIOD

There were no material events after the interim period that had not been reflected in the financial statements for the interim period.

8. EFFECT OF CHANGES IN THE COMPOSITION OF THE COMPANY

There were no changes in the composition of the Company during the period under review.

9. CHANGES IN CONTINGENT LIABILITIES OR CONTINGENT ASSETS

In August 2016, Malaysia Competition Commission (“MyCC”) had commenced investigation under Section 15(1) of the Competition Act, 2010 (“the Act”) against PIAM (Malaysian General Insurance Association) and 22 member companies with regards to an alleged infringement of Section 4(2)(a) of the Act in relation to an agreement to fix parts trade discount and labour rates for 6 vehicle makes. On 22 February 2017, MyCC issued a proposed decision to all 22 member companies, proposing to impose collective penalty of RM213 million on the general insurance industry. PIAM and its members (including the Company) had submitted their respective Written Representation to MyCC in April 2017. The first oral representation was completed in January 2018. However, there was a change of government after the 14th general election. The Competition Committee (new Chairman was appointed) decided to review this case. A new oral representation was agreed to be held. The case management was held on 21 February 2019 and the oral representation from all relevant insurers (represented by counsels) was held on 13 and 14 May 2019 and 17 and 18 June 2019 respectively. Decision is expected to be issued in 2020.

The Company does not have any contingent assets and there are no material changes in the Company's contingent liabilities since the last annual reporting date.

AXA AFFIN GENERAL INSURANCE BERHAD
(Incorporated in Malaysia)

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

10. INVESTMENTS

	30.06.2020		31.12.2019	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
AFS financial assets	2,064,393	2,064,393	1,134,518	1,617,994
LAR	745,051	745,051	1,663,104	1,039,372
	<u>2,809,444</u>	<u>2,809,444</u>	<u>2,797,622</u>	<u>2,657,366</u>

(a) AFS financial assets

	30.06.2020		31.12.2019	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
<u>At fair value</u>				
Malaysian Government Securities				
- unquoted in Malaysia	289,603	214,598	210,158	210,158
Corporate debt securities				
- unquoted in Malaysia	1,031,220	1,031,220	879,216	879,216
Equity securities				
- quoted in Malaysia	128	128	226	226
- unquoted in Malaysia	250	250	250	250
Wholesale unit trust fund	51,008	818,197	44,668	528,144
	<u>1,372,209</u>	<u>2,064,393</u>	<u>1,134,518</u>	<u>1,617,994</u>
Maturing within 12 months	27,632	27,632	42,602	42,602
Maturing after 12 months	1,218,186	1,218,186	1,046,772	1,046,772
	<u>1,245,818</u>	<u>1,245,818</u>	<u>1,089,374</u>	<u>1,089,374</u>

(b) LAR

	30.06.2020		31.12.2019	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
<u>At amortised cost</u>				
Loans	320	320	684	684
Fixed and call deposits	1,574,324	744,731	1,662,420	1,038,688
	<u>1,574,644</u>	<u>745,051</u>	<u>1,663,104</u>	<u>1,039,372</u>
Loans maturing within 12 months	320	320	684	684
Loans maturing after 12 months	-	-	-	-
	<u>320</u>	<u>320</u>	<u>684</u>	<u>684</u>

AXA AFFIN GENERAL INSURANCE BERHAD
(Incorporated in Malaysia)

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

10. INVESTMENTS (CONTINUED)

(c) Carrying value of financial instruments

Group	AFS RM'000	LAR RM'000	Total RM'000
At 1 January 2019	1,569,330	1,023,692	2,593,022
Purchases	277,006	2,443,008	2,720,014
Maturities	(206,700)	(1,803,056)	(2,009,756)
Disposals	(531,803)	-	(531,803)
Net gain recorded in other comprehensive income	30,767	(851)	29,916
Net realised gain transferred to income statement	(3,377)	511	(2,866)
Amortisation adjustment	(1,206)	-	(1,206)
Movement in interest income accrued	501	(200)	301
At 31 December 2019/1 January 2020	<u>1,134,518</u>	<u>1,663,104</u>	<u>2,797,622</u>
Purchases	245,957	5,566,592	5,812,549
Maturities	(20,000)	(5,653,613)	(5,673,613)
Disposals	(7,489)	-	(7,489)
Net gain recorded in other comprehensive income	18,314	-	18,314
Net realised gain transferred to income statement	(181)	-	-
Amortisation adjustment	(774)	-	(774)
Movement in interest income accrued	1,864	(1,439)	425
At 30 June 2020	<u>1,372,209</u>	<u>1,574,644</u>	<u>2,947,034</u>

AXA AFFIN GENERAL INSURANCE BERHAD
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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2020
(CONTINUED)

10. INVESTMENTS (CONTINUED)

(c) Carrying value of financial instruments (continued)

Company	AFS RM'000	LAR RM'000	Total RM'000
At 1 January 2019	1,569,330	1,023,692	2,593,022
Purchases	760,506	4,059,709	4,820,215
Maturities	(206,700)	(4,043,489)	(4,250,189)
Disposals	(531,803)	-	(531,803)
Net gain recorded in other comprehensive income	30,743	(851)	29,892
Net realised gain transferred to income statement	(3,377)	511	(2,866)
Amortisation adjustment	(1,206)	-	(1,206)
Movement in interest income accrued	501	(200)	301
At 31 December 2019/1 January 2020	<u>1,617,994</u>	<u>1,039,372</u>	<u>2,657,366</u>
Purchases	504,531	759,761	1,264,292
Maturities	(20,000)	(1,052,643)	(1,072,643)
Disposals	(57,472)	-	(57,472)
Net gain recorded in other comprehensive income	18,448	-	18,448
Net realised gain transferred to income statement	(198)	-	(198)
Amortisation adjustment	(774)	-	(774)
Movement in interest income accrued	1,864	(1,439)	425
At 30 June 2020	<u>2,064,393</u>	<u>745,051</u>	<u>2,809,444</u>

(d) Fair value of financial instruments

Recurring fair value measurements

The following tables show financial instruments recorded at fair value analysed by the difference hierarchy of fair value:

	30.06.2020		31.12.2019	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Level 1	128	128	226	226
Level 2	1,371,831	2,064,015	1,134,042	1,617,518
Level 3	250	250	250	250
	<u>1,372,209</u>	<u>2,064,393</u>	<u>1,134,518</u>	<u>1,617,994</u>

Company No.
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AXA AFFIN GENERAL INSURANCE BERHAD
(Incorporated in Malaysia)

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

11. REINSURANCE ASSETS

	30.06.2020	31.12.2019
	RM'000	RM'000
Group and Company		
Claims liabilities	235,550	235,656
Premium liabilities	62,569	56,867
	<u>298,119</u>	<u>292,523</u>

12. INSURANCE CONTRACT LIABILITIES

	30.06.2020			31.12.2019		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group and Company						
Provision for claims reported by policyholders	966,554	(167,450)	799,104	941,048	(175,122)	765,926
Provision for IBNR claims	427,656	(68,100)	359,556	351,625	(60,534)	291,091
Claims liabilities	1,394,210	(235,550)	1,158,660	1,292,673	(235,656)	1,057,017
Premium liabilities	574,224	(62,569)	511,655	561,683	(56,867)	504,816
	<u>1,968,434</u>	<u>(298,119)</u>	<u>1,670,315</u>	<u>1,854,356</u>	<u>(292,523)</u>	<u>1,561,833</u>

AXA AFFIN GENERAL INSURANCE BERHAD
(Incorporated in Malaysia)

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

12. INSURANCE CONTRACT LIABILITIES (CONTINUED)

Group and Company	30.06.2020			31.12.2019		
	Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000
(i) Claims liabilities						
At 1 January	1,292,673	(235,656)	1,057,017	1,308,373	(262,890)	1,045,483
Claims incurred in the current accident year before provision of risk margin for adverse deviation ("PRAD") and claims handling expenses ("CHE")	443,822	(58,947)	384,875	938,983	(121,566)	817,417
Movements in claims incurred in prior accident years before PRAD and CHE	(26,362)	22,074	(4,288)	(44,321)	47,613	3,292
Movement in PRAD of claims liabilities at 75% confidence level	608	6,043	6,651	(3,403)	2,227	(1,176)
Movement in claims handling expenses	1,701	-	1,701	141	-	141
Claims paid during the financial period/year	(318,232)	30,936	(287,296)	(907,100)	98,960	(808,140)
						-
At 30 June/31 December	<u>1,394,210</u>	<u>(235,550)</u>	<u>1,158,660</u>	<u>1,292,673</u>	<u>(235,656)</u>	<u>1,057,017</u>

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

12. INSURANCE CONTRACT LIABILITIES (CONTINUED)

Group and Company	30.06.2020			31.12.2019		
	Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000
(ii) Premium liabilities						
At 1 January	561,683	(56,867)	504,816	583,905	(58,015)	525,890
Premiums written in the financial period/year	688,078	(125,711)	562,367	1,349,147	(213,441)	1,135,706
Premiums earned during the financial period/year	(675,537)	120,009	(555,528)	(1,371,369)	214,589	(1,156,780)
At 30 June/31 December	<u>574,224</u>	<u>(62,569)</u>	<u>511,655</u>	<u>561,683</u>	<u>(56,867)</u>	<u>504,816</u>

The carrying amounts approximate the fair values at the date of the statements of financial position.

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

13. CAPITAL COMMITMENTS

	30.06.2020	31.12.2019
	RM'000	RM'000
Group and Company		
Capital expenditure approved but not contracted for:		
Property, plant and equipment	-	-
Intangible asset - software	14,808	13,197
	<u>14,808</u>	<u>13,197</u>

14. CAPITAL STRUCTURE

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

	30.06.2020	31.12.2019
	RM'000	RM'000
<u>Eligible Tier 1 capital</u>		
Share capital (paid up)	190,645	190,645
Retained earnings	1,014,060	992,259
	<u>1,204,705</u>	<u>1,182,904</u>
<u>Tier 2 capital</u>		
AFS reserve	42,457	28,588
Revaluation reserve	13,181	13,181
Share option reserve	4,801	4,801
Subordinated loan *	70,000	70,000
	<u>130,439</u>	<u>116,570</u>
<u>Deductions</u>		
Goodwill and intangible assets	(195,334)	(196,775)
Deferred tax assets	-	(3,378)
	<u>(195,334)</u>	<u>(200,153)</u>
Total capital available	<u>1,139,810</u>	<u>1,099,321</u>

* Excluded accrued interest of RM107,000 (2019: RM25,000).

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

15. ADDITIONAL DISCLOSURES ON MFRS 9

The Company's business activity is predominantly insurance as the liabilities connected with the Company's insurance businesses made up of more than 90% of the Company's total liabilities. Hence, the Company qualifies for the temporary exemption from applying MFRS 9 and will defer and adopt MFRS 9 together with MFRS 17, Insurance Contracts for the financial year beginning on or after 1 January 2021.

The details of the Company's liabilities connected with insurance as at 31 December 2015 are as follows:

	As a % of total liabilities	RM'000
(a) Liabilities arising from contracts within the scope of MFRS 4	87.8%	1,777,148
(b) Liabilities that arise from issuance or fulfilment of obligations arising from contracts above:		
- Subordinated loan included as Tier 2 capital under the RBC Framework	6.4%	130,000
	94.2%	1,907,148

The fair value of the Company's financial assets as at 30 June 2020 and the amount of change in the fair value during that period are as follows:

	Fair value as at 30.06.2020 RM'000	Fair value movement RM'000
(a) Financial assets with contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding		
<u>At fair value</u>		
Malaysian Government Securities		
- unquoted in Malaysia	214,598	4,445
Corporate debt securities		
- unquoted in Malaysia	1,031,220	16,426
<u>At amortised cost</u>		
Loans	320	-
Fixed and call deposits	744,731	-
Cash and cash equivalents	48,897	-

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

15. ADDITIONAL DISCLOSURES ON MFRS 9 (CONTINUED)

	Fair value as at 30.06.2020 RM'000	Fair value movement RM'000
(b) Financial assets other than the above		
<u>At fair value</u>		
- quoted in Malaysia	128	(98)
- unquoted in Malaysia	250	-
Wholesale unit trust fund	818,197	(2,325)

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

15. ADDITIONAL DISCLOSURES ON MFRS 9 (CONTINUED)

	AAA RM'000	AA RM'000	A RM'000	BBB RM'000	BB to B RM'000	Non-rated RM'000	Total RM'000
<u>At fair value</u>							
Malaysian Government Securities							
- unquoted in Malaysia	-	-	-	-	-	214,598	214,598
Corporate debt securities							
- unquoted in Malaysia	343,254	660,451	-	-	-	27,515	1,031,220
Equity securities							
- quoted in Malaysia	-	-	-	-	-	128	128
- unquoted in Malaysia	-	-	-	-	-	250	250
Wholesale unit trust fund	-	-	-	-	-	818,197	818,197
<u>At amortised cost</u>							
Loans	-	-	-	-	-	320	320
Fixed and call deposits	-	24,689	466,592	250,000	3,450	-	744,731
Cash and cash equivalents	-	373	45,296	428	2,769	31	48,897