

Company No.

723739	W
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AXA AFFIN LIFE INSURANCE BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 30 JUNE 2018

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Company No.

723739

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AXA AFFIN LIFE INSURANCE BERHAD
(Incorporated in Malaysia)

**REPORTS AND FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2018**

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AXA AFFIN LIFE INSURANCE BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	Notes	30.6.2018		31.12.2017	
		Group RM'000	Company RM'000	Group RM'000	Company RM'000
ASSETS					
Property and equipment		2,153	2,153	1,580	1,580
Investment property		252	252	255	255
Intangible assets		105,553	105,553	104,551	104,551
Investments	8	1,591,584	1,627,482	1,558,769	1,574,831
Available-for-sale financial assets		1,116,455	1,158,109	1,073,547	1,091,735
Fair value through profit or loss financial assets		419,524	419,524	393,829	393,829
Loans and receivables		55,605	49,849	91,393	89,267
Reinsurance assets	10	29,438	29,438	33,200	33,200
Insurance receivables		23,057	23,057	15,534	15,534
Other receivables		5,202	5,202	3,578	3,578
Current tax assets		4,612	4,612	4,458	4,458
Deferred tax assets		9,255	7,219	7,452	4,568
Cash and cash equivalents		106,862	46,327	51,393	34,035
TOTAL ASSETS		1,877,968	1,851,295	1,780,770	1,776,590
EQUITY, POLICYHOLDERS' FUNDS AND LIABILITIES					
Share capital		398,000	398,000	398,000	398,000
Accumulated losses		(85,433)	(93,430)	(92,146)	(95,312)
Available-for-sale reserve		5,625	11,286	12,253	12,540
TOTAL EQUITY		318,192	315,856	318,107	315,228
LIABILITIES					
Insurance contract liabilities	11	1,334,747	1,334,747	1,254,427	1,254,427
Insurance claims liabilities		22,450	22,450	22,189	22,189
Insurance payables		53,566	53,566	63,911	63,911
Reinsurance payables		8,903	8,903	8,097	8,097
Other payables		120,273	115,773	113,922	112,738
Other financial liability		19,837	-	117	-
TOTAL LIABILITIES		1,559,776	1,535,439	1,462,663	1,461,362
TOTAL EQUITY, POLICYHOLDERS' FUNDS AND LIABILITIES		1,877,968	1,851,295	1,780,770	1,776,590

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

AXA AFFIN LIFE INSURANCE BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED STATEMENT OF PROFIT OR LOSS
FOR THE HALF-YEAR ENDED 30 JUNE 2018

	30.6.2018		30.6.2017
	Group RM000	Company RM000	Company RM000
Gross premiums	233,480	233,480	245,296
Premiums ceded to reinsurers	(12,683)	(12,683)	(11,018)
Net premiums	220,797	220,797	234,278
Reinsurance commission income	997	997	598
Investment income	29,600	29,419	24,374
Net realised gains	5,828	362	6,508
Net fair value gains	-	-	6,323
Other operating income	1,347	1,347	591
Other income	37,772	32,125	38,394
Gross benefits and claims paid	(89,921)	(89,921)	(73,029)
Claims ceded to reinsurers	7,443	7,443	8,601
Gross change in insurance contract liabilities	(92,982)	(92,982)	(138,256)
Changes in insurance contract liabilities ceded to reinsurers	(1,527)	(1,527)	606
Net claims	(176,987)	(176,987)	(202,078)
Net fair value loss	(11,298)	(11,298)	-
Commission and agency expenses	(23,555)	(23,555)	(26,021)
Management expenses	(38,779)	(37,996)	(40,693)
Other operating expenses	(753)	(753)	(1,149)
Other expenses	(74,385)	(73,602)	(67,863)
Profit before taxation	7,197	2,333	2,731
Tax expense attributable to policyholder and unitholders	(598)	(598)	(2,097)
Profit before taxation attributable to Shareholders	6,599	1,735	634
Taxation	(484)	(451)	(623)
Tax expense attributable to policyholders and unitholders	598	598	2,097
Tax income attributable to Shareholders	114	147	1,474
Net profit for the financial period	6,713	1,882	2,108
Basic profit per share (sen)	1.69	0.47	0.57

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

Company No.

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AXA AFFIN LIFE INSURANCE BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 30 JUNE 2018

	<u>30.6.2018</u>		<u>30.6.2017</u>
	Group RM'000	Company RM'000	Company RM'000
Net profit for the financial period	6,713	1,882	2,108
Other comprehensive income :			
<u>Items that may be subsequently reclassified to profit or loss :</u>			
Fair value changes on available-for-sale financial assets:			
Revaluation	(20,494)	(15,968)	14,212
Transfer to profit or loss upon disposal	182	182	1,843
Gross fair value changes	(20,312)	(15,786)	16,055
Deferred taxation	506	1,354	1,164
Net fair value changes	(19,806)	(14,432)	17,219
Change in insurance contract liabilities arising from unrealised net fair value changes	13,178	13,178	(14,552)
Other comprehensive (loss)/income for the financial period, net of tax	(6,628)	(1,254)	2,667
Total comprehensive income for the financial period	85	628	4,775

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

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

UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 30 JUNE 2018

GROUP	Share capital RM'000	Available-for-sale reserve RM'000	Accumulated losses RM'000	Total RM'000
At 1 January 2018	398,000	12,253	(92,146)	318,107
Total comprehensive (loss)/ income for the financial period	-	(6,628)	6,713	85
At 30 June 2018	<u>398,000</u>	<u>5,625</u>	<u>(85,433)</u>	<u>318,192</u>
	Share capital RM'000	Available-for-sale reserve RM'000	Accumulated losses RM'000	Total RM'000
At 1 January 2018	398,000	12,540	(95,312)	315,228
Total comprehensive (loss)/ income for the financial period	-	(1,254)	1,882	628
At 30 June 2018	<u>398,000</u>	<u>11,286</u>	<u>(93,430)</u>	<u>315,586</u>
At 1 January 2017	368,000	7,946	(74,489)	301,457
Total comprehensive income for the financial period	-	2,667	2,108	4,775
At 30 June 2017	<u>368,000</u>	<u>10,613</u>	<u>(72,381)</u>	<u>306,232</u>

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

AXA AFFIN LIFE INSURANCE BERHAD
(Incorporated in Malaysia)

**UNAUDITED CONDENSED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 30 JUNE 2018**

	Note	<u>30.6.2018</u>		<u>30.6.2017</u>
		Group RM000	Company RM000	Company RM000
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>				
Cash flows generated from operating activities	12	103,103	107,021	103,462
Proceeds from disposal of investment		245,066	176,598	186,883
Purchase of investments		(322,757)	(299,052)	(302,044)
Dividend income received		9,259	7,406	2,137
Interest income received		26,379	25,867	21,230
Income tax paid		(1,875)	(1,842)	(1,208)
		<hr/>		
Net cash generated from operating activities		59,175	15,998	10,460
		<hr/>		
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>				
Purchase of property and equipment		(980)	(980)	(499)
Purchase of intangible assets		(2,726)	(2,726)	(1,815)
		<hr/>		
Net cash used in investing activities		(3,706)	(3,706)	(2,314)
		<hr/>		
<u>CASH FLOWS FROM FINANCING ACTIVITY</u>				
		-	-	-
		<hr/>		
Net increase in cash and cash equivalents		55,469	12,292	8,146
Cash and cash equivalents at 1 January		51,393	34,035	69,700
		<hr/>		
Cash and cash equivalents at 30 June		106,862	46,327	77,846
		<hr/> <hr/>		
<u>Cash and cash equivalents comprised of:</u>				
Cash and bank balances		46,390	46,327	72,339
Fixed and call deposits with maturity of less than three months		60,472	-	5,507
		<hr/>		
		106,862	46,327	77,846
		<hr/> <hr/>		

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

AXA AFFIN LIFE INSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS - 30 JUNE 2018

1 BASIS OF PREPARATION

The condensed interim financial statements of the Group and Company for the half-year ended 30 June 2018 are unaudited and have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS") 134 *Interim Financial Reporting*.

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 Group's and Company's audited financial statements for the year ended 31 December 2017.

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

2 UNUSUAL ITEMS

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group and Company for the half-year ended 30 June 2018.

3 CHANGES IN ESTIMATES

There were no material changes in the basis used for accounting estimates for the condensed interim financial statements for the half-year ended 30 June 2018.

4 SEASONAL OR CYCLICAL FACTORS

The business operations of the Group and Company were not significantly affected by seasonality or cyclical factors for the period under review.

5 DEBT AND EQUITY SECURITIES

There were no issuance, cancellation, repurchase, resale or repayment of debt and equity securities during the half-year ended 30 June 2018.

6 DIVIDEND

No dividend has been declared or paid by the Group and Company during the period under review.

AXA AFFIN LIFE INSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS - 30 JUNE
2018 (CONTINUED)

7 SIGNIFICANT EVENTS

There were no material events subsequent to the date of the statement of financial position that require disclosure or adjustments to the condensed interim financial statements.

8 INVESTMENTS

The financial assets are summarised by categories as follows:

		<u>30.6.2018</u>		<u>31.12.2017</u>	
		Group RM'000	Company RM'000	Group RM'000	Company RM'000
Available-for-sale ("AFS") financial assets	(a)	1,116,455	1,158,109	1,073,547	1,091,735
Fair value through profit or loss ("FVTPL") financial assets - designated upon initial recognition	(b)	419,524	419,524	393,829	393,829
Loans and receivables ("LAR")	(c)	55,605	49,849	91,393	89,267
		<u>1,591,584</u>	<u>1,627,482</u>	<u>1,558,769</u>	<u>1,574,831</u>

The following financial assets are expected to be realized after 12 months:

	<u>30.06.2018</u>		<u>31.12.2017</u>	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
AFS financial assets	709,344	709,344	680,258	680,258
FVTPL financial assets - designated upon initial recognition	217,305	217,305	223,389	223,389
LAR	-	-	3	3
	<u>926,649</u>	<u>926,649</u>	<u>903,650</u>	<u>903,650</u>

(a) AFS financial assets

	<u>30.6.2018</u>	<u>31.12.2017</u>
GROUP	RM'000	RM'000
<u>At fair value</u>		
Malaysian Government Securities	171,934	145,782
Debt securities unquoted in Malaysia	585,710	567,019
Investment-linked funds	19,009	19,525
Equity securities quoted in Malaysia	127,314	136,532
Unit and property trust funds quoted in Malaysia	212,488	204,689
	<u>1,116,455</u>	<u>1,073,547</u>

AXA AFFIN LIFE INSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS - 30 JUNE
2018 (CONTINUED)

8 INVESTMENTS (CONTINUED)

(a) AFS financial assets

COMPANY	<u>30.6.2018</u>	<u>31.12.2017</u>
<u>At fair value</u>	RM'000	RM'000
Malaysian Government Securities	171,934	145,782
Debt securities unquoted in Malaysia	585,710	567,019
Equity securities quoted in Malaysia	42,803	40,099
Investment-linked funds	19,009	19,525
Unit and property trust funds quoted in Malaysia	338,653	319,310
	<hr/>	<hr/>
	1,158,109	1,091,735
	<hr/> <hr/>	<hr/> <hr/>

(b) FVTPL financial assets - designated upon initial recognition

GROUP AND COMPANY	<u>30.6.2018</u>	<u>31.12.2017</u>
<u>At fair value</u>	RM'000	RM'000
Malaysian Government Securities	91,091	97,051
Equity securities quoted in Malaysia	51,574	57,260
Equity securities quoted outside Malaysia	13,021	16,198
Debt securities unquoted in Malaysia	144,548	129,204
Unit and property trust funds quoted in Malaysia	119,290	94,116
	<hr/>	<hr/>
	419,524	393,829
	<hr/> <hr/>	<hr/> <hr/>

(c) LAR

GROUP	<u>30.6.2018</u>	<u>31.12.2017</u>
<u>At amortised cost</u>	RM'000	RM'000
Policy loans	21,139	20,329
Mortgage loans	-	3
Fixed and call deposits	28,710	68,935
Dividend receivables	759	159
Amount due from brokers	4,997	1,967
	<hr/>	<hr/>
	55,605	91,393
	<hr/> <hr/>	<hr/> <hr/>

AXA AFFIN LIFE INSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS - 30 JUNE
2018 (CONTINUED)

8 INVESTMENTS (CONTINUED)

(c) LAR (continued)

COMPANY	<u>30.6.2018</u>	<u>31.12.2017</u>
<u>At amortised cost</u>	RM'000	RM'000
Policy loans	21,139	20,329
Mortgage loans	-	3
Fixed and call deposits	28,710	68,935
	<hr/>	<hr/>
	49,849	89,267
	<hr/> <hr/>	<hr/> <hr/>

(d) Fair values of financial assets

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

GROUP	AFS	FVTPL	Total
<u>30 June 2018</u>	RM'000	RM'000	RM'000
Level 1 - Quoted market price	358,811	183,885	542,696
Level 2 - Market observable inputs	757,644	235,639	993,283
	<hr/>	<hr/>	<hr/>
	1,116,455	419,524	1,535,979
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<u>31 December 2017</u>			
Level 1 - Quoted market price	360,746	167,574	528,320
Level 2 - Market observable inputs	712,801	226,255	939,056
	<hr/>	<hr/>	<hr/>
	1,073,547	393,829	1,467,376
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
COMPANY	AFS	FVTPL	Total
<u>30 June 2018</u>	RM'000	RM'000	RM'000
Level 1 - Quoted market price	400,465	183,885	584,350
Level 2 - Market observable inputs	757,644	235,639	993,283
	<hr/>	<hr/>	<hr/>
	1,158,109	419,524	1,577,633
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<u>31 December 2017</u>			
Level 1 - Quoted market price	378,934	167,574	546,508
Level 2 - Market observable inputs	712,801	226,255	939,056
	<hr/>	<hr/>	<hr/>
	1,091,735	393,829	1,485,564
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

AXA AFFIN LIFE INSURANCE BERHAD
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NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS - 30 JUNE 2018 (CONTINUED)

8 INVESTMENTS (CONTINUED)

(d) Fair values of financial assets

The Group and Company categorise its fair value measurements according to a three-level hierarchy. The hierarchy prioritises the inputs used by the Group and Company's valuation techniques for determining the fair value of the financial assets.

A level is assigned to each fair value measurement based on the lowest level input significant to the fair value measurement in its entirety. The three-level hierarchy is defined as follows:

Level 1 - Fair value measurements that reflect unadjusted, quoted prices in active markets for identical assets and liabilities that the Group and Company have the ability to access at the measurement date. Valuations are based on quoted prices reflecting market transactions involving assets or liabilities identical to those being measured.

Level 2 - Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in inactive markets, inputs that are observable that are not prices (such as interest rates, credit risks, etc) and inputs that are derived from or corroborated by observable market data.

Level 3 - Fair value measurements using significant non market observable inputs. These include valuations for assets and liabilities that are derived using data, some or all of which is not market observable, including assumptions about risk.

9 CONTROLLED STRUCTURED ENTITY

In 2017, the Company acquired units in a wholesale unit trust fund which is established in Malaysia and managed by an external fund manager. Details of the investment in the wholesale unit trust fund are as follow:

Name of fund	Principal activities	% of ownership interest held by the Company	
		30.6.2018	31.12.2017
Affin Hwang Wholesale Equity Fund	Invest in equity, unlisted securities, warrants, units or shares in collective investment scheme, deposits and money market instruments	89.4%	99.9%

AXA AFFIN LIFE INSURANCE BERHAD
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NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS - 30 JUNE 2018 (CONTINUED)

9 CONTROLLED STRUCTURED ENTITY (CONTINUED)

The Company has determined that its investment in the wholesale unit trust fund amounting to RM169,266,364 (31.12.2017: RM154,715,326) as disclosed in Note 8 to the financial statements as investment in structured entity ("investee fund"). The investee fund is managed by Affin Hwang Asset Management Berhad.

The Company holds 89.4% (31.12.2017: 99.9%) of units in Affin Hwang Wholesale Equity Fund and thus has control over the investee fund. The Company is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

This investee fund is classified as AFS financial asset and the change in fair value of the investee fund is included in the statement of other comprehensive income in the Company's separate financial statements.

The Company's exposure to investments in the investee fund is disclosed below.

	<u>30.6.2018</u>	<u>31.12.2017</u>
	RM'000	RM'000
Financial assets at fair value through profit or loss	127,315	136,531
Cash and cash equivalents	60,535	17,358
Dividend receivables	759	159
Amount due from brokers	4,997	1,967
Payables	(4,500)	(1,183)
	<hr/>	<hr/>
	189,106	154,832
	<hr/> <hr/>	<hr/> <hr/>

The Company's maximum exposure to loss from its interests in the investee fund is equal to the fair value of its investment in the investee fund.

As the Company has control over the investee fund which is considered controlled structured entity, the structured entity is consolidated at Group level. The underlying assets of the structured entity have taken duly consolidated as shown in Note 8 to the financial statements.

The condensed interim financial statements of investee fund for the half-year ended 30 June 2018 is unaudited by PricewaterhouseCoopers PLT (LLP0014401-LCA & AF1146).

AXA AFFIN LIFE INSURANCE BERHAD
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NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS - 30 JUNE
2018 (CONTINUED)

10 REINSURANCE ASSETS

GROUP AND COMPANY	<u>30.6.2018</u> RM'000	<u>31.12.2017</u> RM'000
Reinsurance of insurance contracts:		
- Insurance contract liabilities (Note 11)	26,383	27,910
- Insurance claims liabilities	3,055	5,290
	<u>29,438</u>	<u>33,200</u>
	<u>30.6.2018</u> RM'000	<u>31.12.2017</u> RM'000
Receivable within 12 months	4,306	6,465
Receivable after 12 months	25,132	26,735
	<u>29,438</u>	<u>33,200</u>

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

11 INSURANCE CONTRACT LIABILITIES

GROUP AND COMPANY	<u>30.6.2018</u>			<u>31.12.2017</u>		
	<u>Gross</u> RM'000	<u>Reinsu- rance</u> RM'000	<u>Net</u> RM'000	<u>Gross</u> RM'000	<u>Reinsu- rance</u> RM'000	<u>Net</u> RM'000
Actuarial liabilities	1,074,592	(26,383)	1,048,209	1,011,938	(27,910)	984,028
Unallocated surplus	10,498	-	10,498	10,084	-	10,084
Available-for-sale reserve	(3,000)	-	(3,000)	10,178	-	10,178
Net asset value attributable to unitholders	271,666	-	271,666	241,752	-	241,752
	<u>1,353,756</u>	<u>(26,383)</u>	<u>1,327,373</u>	<u>1,273,952</u>	<u>(27,910)</u>	<u>1,246,042</u>
Less:						
Elimination of Shareholders' Fund investment in investment-linked funds	(19,009)	-	(19,009)	(19,525)	-	(19,525)
	<u>1,334,747</u>	<u>(26,383)</u>	<u>1,308,364</u>	<u>1,254,427</u>	<u>(27,910)</u>	<u>1,226,517</u>
Current	338,746	(1,251)	337,495	296,061	(1,175)	294,886
Non-current	996,001	(25,132)	970,869	958,366	(26,735)	931,631
	<u>1,334,747</u>	<u>(26,383)</u>	<u>1,308,364</u>	<u>1,254,427</u>	<u>(27,910)</u>	<u>1,226,517</u>

AXA AFFIN LIFE INSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS - 30 JUNE
2018 (CONTINUED)

11 INSURANCE CONTRACT LIABILITIES (CONTINUED)

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

30.6.2018

	<u>Gross</u> RM'000	<u>Reinsurance</u> RM'000	<u>Net</u> RM'000
At 1 January 2018	1,254,427	(27,910)	1,226,517
Reserve movement for inforce policies	41,804	1,231	43,035
Reserve for new business	26,356	(1,601)	24,755
Change in discount rate	(5,461)	406	(5,055)
Change in other assumptions	2,920	1,541	4,461
Change in valuation methodology	(417)	-	(417)
Adjustment of asset share	(6,216)	-	(6,216)
Other changes in reserving	3,668	(50)	3,618
Movement in unallocated surplus	414	-	414
Movement in net asset value attributable to unitholders	29,914	-	29,914
	92,982	(1,527)	94,509
Elimination of fair value gains from Shareholders' fund investment in investment-linked funds	516	-	516
Available-for-sale fair value adjustment	(13,178)	-	(13,178)
At 30 June 2018	<u>1,334,747</u>	<u>(26,383)</u>	<u>1,308,364</u>

31.12.2017

	<u>Gross</u> RM'000	<u>Reinsurance</u> RM'000	<u>Net</u> RM'000
At 1 January 2017	998,075	(26,568)	971,507
Reserve movement for inforce policies	103,831	2,672	106,503
Reserve for new business	28,090	(3,131)	24,959
Change in discount rate	6,216	(400)	5,816
Change in other assumptions	3,804	(68)	3,736
Change in valuation methodology	1,937	-	1,937
Adjustment of asset share	8,363	-	8,363
Other changes in reserving	(1,388)	(415)	(1,803)
Movement in unallocated surplus	(7,404)	-	(7,404)
Movement in net asset value attributable to unitholders	100,433	-	100,433
	243,882	(1,342)	242,540
Elimination of fair value gains from Shareholders' fund investment in investment-linked funds	(1,980)	-	(1,980)
Available-for-sale fair value adjustment	14,450	-	14,450
At 31 December 2017	<u>1,254,427</u>	<u>(27,910)</u>	<u>1,226,517</u>

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NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS - 30 JUNE
2018 (CONTINUED)

12 CASH FLOWS GENERATED FROM OPERATING ACTIVITIES

	<u>30.06.2018</u>		<u>30.6.2017</u>
	Group RM'000	Company RM'000	Company RM'000
Net profit for the financial period	6,713	1,882	2,108
<u>Non-cash items:</u>			
Taxation	425	392	622
Investment income	(29,600)	(29,419)	(24,374)
Depreciation of property and equipment	408	408	532
Depreciation of investment property	3	3	3
Amortisation of intangible assets	1,725	1,725	1,419
Gain on disposal of financial assets	(5,828)	(362)	(6,508)
Net fair value loss/ (gain) on FVTPL financial assets	11,298	11,298	(6,323)
Allowance for impairment on other receivables	-	-	14
<u>Changes in working capital:</u>			
Increase in loans	(267)	(267)	(812)
Decrease in fixed and call deposits	40,267	40,267	5,038
Increase in insurance receivables	(7,523)	(7,523)	(8,012)
Increase in other receivables	(8,634)	(2,914)	(1,144)
Decrease/ (increase) in reinsurance assets	3,762	3,762	(918)
Increase in insurance contract liabilities	94,013	94,013	135,754
Increase in insurance claims liabilities	261	261	952
Decrease in insurance payables	(10,345)	(10,345)	(3,740)
Increase/ (decrease) in reinsurance payables	806	806	(1,012)
Increase in other payables	5,619	3,034	9,863
Cash flows generated from operating activities	103,103	107,021	103,462

13 NON-CANCELLABLE OPERATING LEASE COMMITMENTS

The future minimum lease payments of the non-cancellable operating lease commitments are as follows:

GROUP AND COMPANY	<u>30.6.2018</u> RM'000	<u>30.6.2017</u> RM'000
Not later than 1 year	1,571	2,868
Later than 1 year and not later than 5 years	369	2,182
	<u>1,940</u>	<u>5,050</u>

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NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS - 30 JUNE 2018 (CONTINUED)

14 CAPITAL COMMITMENTS

There are no capita commitments for the financial period ended 30 June 2018 and financial year ended 31 December 2017.

15 RISK MANAGEMENT FRAMEWORK

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

	<u>30.6.2018</u>	<u>31.12.2017</u>
	RM'000	RM'000
<u>Eligible Tier 1 Capital</u>		
Share capital	398,000	368,000
Accumulated losses	(93,430)	(95,312)
Eligible contract liabilities	98,698	95,322
	<u>403,268</u>	<u>398,010</u>
<u>Tier 2 Capital</u>		
Available-for-sale	8,286	22,719
Amounts deducted from capital	(113,312)	(111,382)
	<u>298,242</u>	<u>309,347</u>
Total capital available	<u><u>298,242</u></u>	<u><u>309,347</u></u>

The Company has met the minimum capital requirements specified in the RBC Framework for the financial period/ years ended 30 June 2018 and 31 December 2017.

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16 INSURANCE FUNDS

UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION BY FUNDS AS AT 30 JUNE 2018

COMPANY

	Shareholders' fund		Life fund		Investment-linked funds		Elimination		Total	
	30.6.2018	31.12.2017	30.6.2018	31.12.2017	30.6.2018	31.12.2017	30.6.2018	31.12.2017	30.6.2018	31.12.2017
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
ASSETS										
Property and equipment	-	-	2,153	1,580	-	-	-	-	2,153	1,580
Investment properties	-	-	252	255	-	-	-	-	252	255
Intangible assets	99,120	99,120	6,433	5,431	-	-	-	-	105,553	104,551
Investments	195,876	212,099	1,207,226	1,160,034	243,389	222,223	(19,009)	(19,525)	1,627,482	1,574,831
AFS financial assets	184,512	188,183	973,597	903,552	-	-	-	-	1,158,109	1,091,735
FVTPL financial assets	-	-	195,144	191,131	243,389	222,223	(19,009)	(19,525)	419,524	393,829
Loans and receivables	11,364	23,916	38,485	65,351	-	-	-	-	49,849	89,267
Reinsurance assets	-	-	29,438	33,200	-	-	-	-	29,438	33,200
Insurance receivables	-	-	23,057	15,534	-	-	-	-	23,057	15,534
Current tax assets	2,610	2,609	3,435	3,212	(1,433)	(1,363)	-	-	4,612	4,458
Deferred tax assets	7,434	6,831	(192)	(1,491)	(23)	(772)	-	-	7,219	4,568
Other receivables	10,376	8,021	4,003	16,054	6,944	8,261	(16,121)	(28,758)	5,202	3,578
Cash and cash equivalents	1,238	91	17,185	19,619	27,904	14,325	-	-	46,327	34,035
TOTAL ASSETS	316,654	328,771	1,292,990	1,253,428	276,781	242,674	(35,130)	(48,283)	1,851,295	1,776,590

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NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS - 30 JUNE 2018 (CONTINUED)

16 INSURANCE FUNDS (CONTINUED)

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

COMPANY

	Shareholders' fund		Life fund		Investment-linked funds		Elimination		Total	
	30.6.2018	31.12.2017	30.6.2018	31.12.2017	30.6.2018	31.12.2017	30.6.2018	31.12.2017	30.6.2018	31.12.2017
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
EQUITY, POLICYHOLDERS' FUNDS AND LIABILITIES										
Share capital	398,000	398,000	-	-	-	-	-	-	398,000	398,000
Accumulated losses	(93,430)	(95,312)	-	-	-	-	-	-	(93,430)	(95,312)
Available-for-sale reserve	11,286	12,540	-	-	-	-	-	-	11,286	12,540
TOTAL EQUITY	315,856	315,228	-	-	-	-	-	-	315,856	315,228
LIABILITIES										
Insurance contract liabilities	-	-	1,082,090	1,032,200	271,666	241,752	(19,009)	(19,525)	1,334,747	1,254,427
Insurance claims liabilities	-	-	21,578	22,189	872	-	-	-	22,450	22,189
Insurance payables	230	-	53,336	63,911	-	-	-	-	53,566	63,911
Reinsurance payables	-	-	8,903	8,097	-	-	-	-	8,903	8,097
Other payables	568	13,543	127,083	127,031	4,243	922	(16,121)	(28,758)	115,773	112,738
TOTAL LIABILITIES	798	13,543	1,292,990	1,253,428	276,781	242,674	(35,130)	(48,283)	1,535,439	1,461,362
TOTAL EQUITY, POLICYHOLDERS' FUNDS AND LIABILITIES	316,654	328,771	1,292,990	1,253,428	276,781	242,674	(35,130)	(48,283)	1,851,295	1,776,590

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NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS - 30 JUNE 2018 (CONTINUED)

16 INSURANCE FUNDS (CONTINUED)

UNAUDITED CONDENSED STATEMENT OF PROFIT OR LOSS BY FUNDS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018

COMPANY

	Shareholders' fund		Life fund		Investment-linked funds		Total	
	30.6.2018 RM'000	30.6.2017 RM'000	30.6.2018 RM'000	30.6.2017 RM'000	30.6.2018 RM'000	30.6.2017 RM'000	30.6.2018 RM'000	30.6.2017 RM'000
Gross premiums	-	-	166,705	156,970	66,775	88,326	233,480	245,296
Premiums ceded to reinsurers	-	-	(12,683)	(11,018)	-	-	(12,683)	(11,018)
Net premiums	-	-	154,022	145,952	66,775	88,326	220,797	234,278
Reinsurance commission income	-	-	977	598	-	-	997	598
Investment income	3,278	2,762	23,379	20,196	2,762	1,416	29,419	24,374
Net realised gains	117	-	229	4,556	16	1,952	362	6,508
Net fair value gains	-	-	-	3,183	-	3,140	-	6,323
Other operating income	4	43	1,307	556	36	(8)	1,347	591
Other revenue	3,399	2,805	25,912	29,089	2,814	6,500	32,125	38,394
Gross benefits and claims paid	-	-	(59,116)	(51,979)	(30,805)	(21,050)	(89,921)	(73,029)
Claims ceded to reinsurers	-	-	7,443	8,601	-	-	7,443	8,601
Gross change in insurance contract liabilities	-	-	(63,068)	(65,187)	(29,914)	(73,069)	(92,982)	(138,256)
Changes in insurance contract liabilities ceded to reinsurers	-	-	(1,527)	606	-	-	(1,527)	606
Net claims	-	-	(116,268)	(107,959)	(60,719)	(94,119)	(176,987)	(202,078)
Net fair value loss	-	-	(1,858)	-	(9,440)	-	(11,298)	-
Fee and commission expenses	(238)	-	(23,317)	(26,021)	-	-	(23,555)	(26,021)
Management expenses	(1,743)	(2,808)	(36,156)	(37,814)	(97)	(71)	(37,996)	(40,693)
Other operating expenses	-	-	(753)	(1,149)	-	-	(753)	(1,149)
Other expenses	(1,981)	(2,808)	(62,084)	(64,984)	(9,537)	(71)	(73,602)	(67,683)

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NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS - 30 JUNE 2018 (CONTINUED)

16 INSURANCE FUNDS (CONTINUED)

UNAUDITED CONDENSED STATEMENT OF PROFIT OR LOSS BY FUNDS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018 (CONTINUED)

COMPANY

	Shareholders' fund		Life fund		Investment-linked funds		Total	
	30.6.2018 RM'000	30.6.2017 RM'000	30.6.2018 RM'000	30.6.2017 RM'000	30.6.2018 RM'000	30.6.2017 RM'000	30.6.2018 RM'000	30.6.2017 RM'000
Profit/ (Loss) before taxation	1,418	(3)	1,582	2,098	(667)	636	2,333	2,731
Tax expense attributable to policyholders and unitholders	-	-	(1,265)	(1,461)	667	(636)	(598)	(2,097)
Profit/ (Loss) before taxation attributable to Shareholders	1,418	(3)	317	637	-	-	1,735	634
Taxation	464	2,111	(1,582)	(2,098)	667	(636)	(451)	(623)
Tax expense attributable to policyholders and unitholders	-	-	1,265	1,461	(667)	636	598	2,097
Tax expense attributable to Shareholders	464	2,111	(317)	(637)	-	-	147	1,474
Net profit for the financial period	1,882	2,108	-	-	-	-	1,882	2,108

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NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS - 30 JUNE 2018 (CONTINUED)

16 INSURANCE FUNDS (CONTINUED)

UNAUDITED CONDENSED STATEMENT OF CASH FLOWS BY FUNDS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018

COMPANY

	Shareholders' Fund		Life Fund		Investment-linked Funds		Total	
	<u>30.6.2018</u> RM'000	<u>30.6.2017</u> RM'000	<u>30.6.2018</u> RM'000	<u>30.6.2017</u> RM'000	<u>30.6.2018</u> RM'000	<u>30.6.2017</u> RM'000	<u>30.6.2018</u> RM'000	<u>30.6.2017</u> RM'000
<u>Cash flows from:</u>								
Operating activities	1,147	55,774	1,272	(39,661)	13,579	(5,653)	15,998	10,460
Investing activities	-	-	(3,706)	(2,314)	-	-	(3,706)	(2,314)
Financing activities	-	-	-	-	-	-	-	-
	<u>1,147</u>	<u>55,774</u>	<u>(2,434)</u>	<u>(41,975)</u>	<u>13,579</u>	<u>(5,653)</u>	<u>12,292</u>	<u>8,146</u>
<u>Cash and cash equivalents:</u>								
Net increase/ (decrease) in cash and cash equivalents	1,147	55,774	(2,434)	(41,975)	13,579	(5,653)	12,292	8,146
At beginning of the financial period	91	150	19,619	54,384	14,325	15,166	34,035	69,700
At end of the financial period	<u>1,238</u>	<u>55,924</u>	<u>17,185</u>	<u>12,409</u>	<u>27,904</u>	<u>9,513</u>	<u>46,327</u>	<u>77,846</u>