

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 2019

Company No.

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AXA AFFIN LIFE INSURANCE BERHAD
(Incorporated in Malaysia)

**REPORTS AND FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2019**

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AXA AFFIN LIFE INSURANCE BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Note	30.6.2019		31.12.2018	
		Group RM'000	Company RM'000	Group RM'000	Company RM'000
ASSETS					
Property and equipment		4,125	4,125	3,089	3,089
Investment property		246	246	249	249
Intangible assets		105,537	105,537	106,248	106,248
Investments	8	1,934,992	1,953,616	1,684,531	1,719,846
Available-for-sale financial assets		1,265,476	1,288,125	1,139,056	1,175,357
Fair value through profit or loss financial assets		566,645	566,645	471,194	471,194
Loans and receivables		102,871	98,846	74,281	73,295
Reinsurance assets	10	22,933	22,933	32,404	32,404
Insurance receivables		20,134	20,134	14,841	14,841
Other receivables		14,192	14,192	4,157	4,157
Current tax assets		493	493	4,078	4,078
Deferred tax assets		3,060	3,060	9,455	9,455
Cash and cash equivalents		98,067	51,596	110,070	54,443
TOTAL ASSETS		2,203,779	2,175,932	1,969,122	1,948,810
EQUITY, POLICYHOLDERS' FUNDS AND LIABILITIES					
Share capital		428,000	428,000	398,000	398,000
Accumulated losses		(101,173)	(103,190)	(100,254)	(101,092)
Available-for-sale reserve		15,894	15,894	11,661	11,661
TOTAL EQUITY		342,721	340,704	309,407	308,569
LIABILITIES					
Insurance contract liabilities	11	1,575,825	1,575,825	1,412,469	1,412,469
Insurance claims liabilities		30,899	30,899	31,723	31,723
Insurance payables		37,676	37,676	43,728	43,728
Reinsurance payables		3,214	3,214	10,524	10,524
Other payables		192,430	187,614	142,261	141,797
Other financial liability		21,014	-	19,010	-
TOTAL LIABILITIES		1,861,058	1,835,228	1,659,715	1,640,241
TOTAL EQUITY, POLICYHOLDERS' FUNDS AND LIABILITIES		2,203,779	2,175,932	1,969,122	1,948,810

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

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AXA AFFIN LIFE INSURANCE BERHAD
(Incorporated in Malaysia)

**UNAUDITED CONDENSED STATEMENT OF PROFIT OR LOSS
FOR THE HALF-YEAR ENDED 30 JUNE 2019**

	30.6.2019		30.6.2018	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Gross premiums	250,266	250,266	233,480	233,480
Premiums ceded to reinsurers	(12,815)	(12,815)	(12,683)	(12,683)
Net premiums	237,451	237,451	220,797	220,797
Reinsurance commission income	3,550	3,550	997	997
Investment income	35,122	34,977	29,600	29,419
Net realized gains	2,701	839	5,828	362
Net fair value gains	23,589	23,589	-	-
Other operating income	1,600	1,600	1,347	1,347
Other income	66,562	64,555	37,772	32,125
Gross benefits and claims paid	(104,965)	(104,965)	(89,921)	(89,921)
Claims ceded to reinsurers	10,321	10,321	7,443	7,443
Gross change in insurance contract liabilities	(125,910)	(125,910)	(92,982)	(92,982)
Changes in insurance contract liabilities ceded to reinsurers	(7,745)	(7,745)	(1,527)	(1,527)
Net claims	(228,299)	(228,299)	(176,987)	(176,987)
Net fair value loss	-	-	(11,298)	(11,298)
Commission and agency expenses	(24,394)	(24,394)	(23,555)	(23,555)
Management expenses	(44,986)	(44,184)	(38,779)	(37,996)
Other operating expenses	(484)	(484)	(753)	(753)
Other expenses	(69,864)	(69,062)	(74,385)	(73,602)
Profit before taxation	5,850	4,645	7,197	2,333
Tax expense attributable to policyholders and unitholders	(2,869)	(2,869)	(598)	(598)
Profit before taxation attributable to shareholders	2,981	1,776	6,599	1,735
Taxation	(3,921)	(3,895)	(484)	(451)
Tax expense attributable to policyholders and unitholders	21	21	598	598
Tax (expense)/ income attributable to shareholders	(3,900)	(3,874)	114	147
Net (loss)/ profit for the financial year	(919)	(2,098)	6,713	1,882

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

AXA AFFIN LIFE INSURANCE BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 30 JUNE 2019

	30.6.2019		30.6.2018	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Net (loss)/ profit for the financial period attributable to:				
Owner of the Company	(1,378)	(2,098)	6,682	1,882
Unitholders	459	-	31	-
	(919)	(2,098)	6,713	1,882
	(919)	(2,098)	6,713	1,882
Basic (loss)/ profit per share (sen)	(0.21)	(0.49)	1.69	0.47
	(0.21)	(0.49)	1.69	0.47
Net (loss)/ profit for the financial period	(919)	(2,098)	6,713	1,882
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	(39,557)	(37,565)	(20,494)	(15,968)
Transfer to profit or loss upon disposal	1,193	(799)	182	182
Gross fair value changes	(38,364)	(38,364)	(20,312)	(15,786)
Deferred taxation	4,370	4,370	506	1,354
Net fair value changes	(33,994)	(33,994)	(19,806)	(14,432)
Change in insurance contract liabilities arising from unrealised net fair value changes	38,227	38,227	13,178	13,178
Other comprehensive income/ (loss) for the financial period, net of tax	4,233	4,233	(6,628)	(1,254)
Total comprehensive income for the financial period	3,314	2,135	85	628
Total comprehensive income attributable to:				
Owner of the Company	2,437	2,135	908	628
Unitholders	877	-	(823)	-
	3,314	2,135	85	628

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

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AXA AFFIN LIFE INSURANCE BERHAD
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UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 30 JUNE 2019

GROUP	Share capital RM'000	Available-for-sale reserve RM'000	Accumulated losses RM'000	Total RM'000
At 1 January 2019	398,000	11,661	(100,254)	309,407
Issuance of shares during the financial period	30,000	-	-	30,000
Total comprehensive income/ (loss) for the financial period	-	4,233	(919)	3,314
At 30 June 2019	<u>428,000</u>	<u>15,894</u>	<u>(101,173)</u>	<u>342,721</u>
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>

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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 2019

COMPANY	Share capital RM'000	Available-for-sale reserve RM'000	Accumulated losses RM'000	Total RM'000
At 1 January 2019	398,000	11,661	(101,092)	308,569
Issuance of shares during the financial period	30,000	-	-	30,000
Total comprehensive income/ (loss) for the financial period	-	4,233	(2,098)	2,135
At 30 June 2019	<u>428,000</u>	<u>15,894</u>	<u>(103,190)</u>	<u>340,704</u>
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>315,856</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 2019

	Note	30.06.2019		30.06.2018	
		Group RM'000	Company RM'000	Group RM'000	Company RM'000
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>					
Cash flows generated from operating activities	12	73,748	74,778	103,103	107,021
Proceeds from disposal of investments		284,703	208,263	245,066	176,598
Purchase of investments		(433,351)	(345,700)	(322,757)	(299,052)
Dividend income received		10,391	8,023	9,259	7,406
Interest income received		25,987	25,241	26,379	25,867
Income tax refund		1,334	1,334	-	-
Income tax paid		(1,934)	(1,905)	(1,875)	(1,842)
Net cash (used in)/ generated from operating activities		(39,122)	(29,966)	59,175	15,998
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>					
Purchase of property and equipment		(1,633)	(1,633)	(980)	(980)
Purchase of intangible assets		(1,248)	(1,248)	(2,726)	(2,726)
Net cash used in investing activities		(2,881)	(2,881)	(3,706)	(3,706)
<u>CASH FLOWS FROM FINANCING ACTIVITY</u>					
Issuance of shares		30,000	30,000	-	-
Net cash generated from financing activities		30,000	30,000	-	-
Net (decrease)/ increase in cash and cash equivalents		(12,003)	(2,847)	55,469	12,292
Cash and cash equivalents at 1 January		110,070	54,443	51,393	34,035
Cash and cash equivalents at 30 June		98,067	51,596	106,862	46,327

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UNAUDITED CONDENSED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 30 JUNE 2019 (CONTINUED)

	Note	30.06.2019		30.06.2018	
		Group RM'000	Company RM'000	Group RM'000	Company RM'000
<u>Cash and cash equivalents</u>					
<u>comprised of:</u>					
Cash and bank balances		57,304	49,448	46,390	46,327
Fixed and call deposits with maturity of less than three months		40,763	2,148	60,472	-
		<u>98,067</u>	<u>51,596</u>	<u>106,862</u>	<u>46,327</u>

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

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AXA AFFIN LIFE INSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS - 30 JUNE 2019

1 BASIS OF PREPARATION

The condensed interim financial statements of the Group and Company for the half-year ended 30 June 2019 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 2018.

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 2018.

MFRS 16, Leases

MFRS 16, replaces the guidance in MFRS 117, Leases, IC Interpretation 4, Determining whether an Agreement contains a Lease, Ic Interpretation 115, Operating Leases – Incentives and IC Interpretation 127, Evaluating the Substance of Transaction Involving the Lefal Form of a Lease.

MFRS 16 eliminates the classification of leases by the lease as either finance leases (on balance sheet) or operating leases (off balance sheet). MFRS 16 requires a lease to recognize a “right-of-use” of the underlying asset and a lease liability reflecting future lease payments for most leases.

The right-of-use asset is depreciated in accordance with the principle in MFRS 116, Property, Plant & Equipment and the lease liability is accreted over time with interest expense recognized in statement of profit and loss.

For lessors, MFRS 16 retains most of the requirements in MFRS 117. Lessors continue to classify all leases as either operating leases or finance leases and account for them differently.

The Group and Company adopted MFRS 16 using the modified restropective approach and measured the right-of-use assets equals to the lease liabilities as at 1 January 2019 with no restatement of comparative information.

The adoption of MFRS 16, Leases has resulted in changes in the Group and Company’s accounting policies. The effect arising from these changes on the statement of financial position of the Group and Company are as follow:

	31 December 2018	Effects on adoption of	1 January 2019
	RM'000	MFRS 16	RM'000
		RM'000	RM'000
<u>Assets</u>			
Right of use assets	-	747	747
<u>Liabilities</u>			
Lease liabilities	-	747	747

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NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS - 30 JUNE 2019 (CONTINUED)

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 2019.

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 2019.

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 2019.

6 DIVIDEND

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

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.

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NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS - 30 JUNE 2019 (CONTINUED)

8 INVESTMENTS

The financial assets are summarised by categories as follows:

		30.06.2019		31.12.2018	
		Group RM'000	Company RM'000	Group RM'000	Company RM'000
Available-for-sale ("AFS") financial assets	(a)	1,265,476	1,288,125	1,139,056	1,175,357
Fair value through profit or loss ("FVTPL") financial assets - designated upon initial recognition	(b)	566,645	566,645	471,194	471,194
Loans and receivables ("LAR")	(c)	102,871	98,846	74,281	73,295
		<u>1,934,992</u>	<u>1,953,616</u>	<u>1,684,531</u>	<u>1,719,846</u>

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

	30.06.2019		31.12.2018	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Available-for-sale ("AFS") financial assets	854,990	854,990	739,504	739,504
Fair value through profit or loss ("FVTPL") financial assets - designated upon initial recognition	270,544	270,544	237,480	237,480
LAR	-	-	3	-
	<u>1,125,534</u>	<u>1,125,534</u>	<u>976,987</u>	<u>976,984</u>

(a) AFS financial assets

	Group	
	30.06.2019 RM'000	31.12.2018 RM'000
<u>At fair value</u>		
Malaysian Government Securities	199,354	188,325
Debt securities unquoted in Malaysia	680,341	590,250
Investment-linked funds	19,429	18,648
Equity securities quoted in Malaysia	149,596	131,217
Unit and property trust funds quoted in Malaysia	216,756	210,616
	<u>1,265,476</u>	<u>1,139,056</u>

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NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS - 30 JUNE
2019 (CONTINUED)

8 INVESTMENTS (CONTINUED)

(a) AFS financial assets (continued)

	<u>30.06.2019</u>	<u>31.12.2018</u>
	RM'000	RM'000
<u>Company</u>		
<u>At fair value</u>		
Malaysian Government Securities	199,354	188,325
Debt securities unquoted in Malaysia	680,341	590,250
Equity securities quoted in Malaysia	43,633	42,435
Investment-linked funds	19,429	18,648
Unit and property trust funds quoted in Malaysia	345,368	335,699
	<u>1,288,125</u>	<u>1,175,357</u>

(b) FVTPL financial assets - designated upon initial recognition

	<u>30.06.2019</u>	<u>31.12.2018</u>
	RM'000	RM'000
<u>Group and Company</u>		
<u>At fair value</u>		
Malaysian Government Securities	97,868	94,163
Equity securities quoted in Malaysia	69,277	51,108
Equity securities quoted outside Malaysia	20,570	19,405
Debt securities unquoted in Malaysia	205,131	166,092
Unit and property trust funds quoted in Malaysia	173,799	140,426
	<u>566,645</u>	<u>471,194</u>

(c) LAR

	<u>30.06.2019</u>	<u>31.12.2018</u>
	RM'000	RM'000
<u>Group</u>		
<u>At amortised cost</u>		
Policy loans	23,226	22,051
Fixed and call deposits	75,620	51,244
Dividend receivables	298	174
Amount due from brokers	3,727	812
	<u>102,871</u>	<u>74,281</u>

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NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS - 30 JUNE 2019 (CONTINUED)

8 INVESTMENTS (CONTINUED)

(c) LAR (continued)

	<u>30.06.2019</u>	<u>Company</u> <u>31.12.2018</u>
	RM'000	RM'000
<u>At amortised cost</u>		
Policy loans	23,226	22,051
Fixed and call deposits	75,620	51,244
	<u>98,846</u>	<u>73,295</u>

(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	<u>AFS</u>	<u>FVTPL</u>	<u>Total</u>
<u>30 June 2019</u>	RM'000	RM'000	RM'000
Level 1 - Quoted market price	385,781	263,646	649,427
Level 2 - Market observable inputs	879,695	302,999	1,182,694
	<u>1,265,476</u>	<u>566,645</u>	<u>1,832,121</u>
<u>31 December 2018</u>	<u>AFS</u>	<u>FVTPL</u>	<u>Total</u>
	RM'000	RM'000	RM'000
Level 1 - Quoted market price	360,481	210,939	571,420
Level 2 - Market observable inputs	778,575	260,255	1,038,830
	<u>1,139,056</u>	<u>471,194</u>	<u>1,610,250</u>
COMPANY	<u>AFS</u>	<u>FVTPL</u>	<u>Total</u>
<u>30 June 2019</u>	RM'000	RM'000	RM'000
Level 1 - Quoted market price	408,430	263,646	672,076
Level 2 - Market observable inputs	879,695	302,999	1,182,694
	<u>1,288,125</u>	<u>566,645</u>	<u>1,854,770</u>

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NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS - 30 JUNE 2019 (CONTINUED)

8 INVESTMENTS (CONTINUED)

(d) Fair values of financial assets (continued)

COMPANY	<u>AFS</u>	<u>FVTPL</u>	<u>Total</u>
<u>31 December 2018</u>	RM'000	RM'000	RM'000
Level 1 - Quoted market price	396,782	210,939	607,721
Level 2 - Market observable inputs	778,575	260,255	1,038,830
	<u>1,175,357</u>	<u>471,194</u>	<u>1,646,551</u>

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:

<u>Name of fund</u>	<u>Principal activities</u>	<u>% of ownership interest held by the Company</u>	
		<u>2019</u>	<u>2018</u>
Affin Hwang Wholesale Equity Fund	Invest in equity, unlisted securities warrants, units or shares in collective Investment scheme, deposits and Money market instruments	88.2%	89.4%

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NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS - 30 JUNE 2019 (CONTINUED)

9 CONTROLLED STRUCTURED ENTITY (CONTINUED)

The Company has determined that its investment in the wholesale unit trust fund amounting to RM174,209,564 (31.12.2018: RM168,356,887) as investment in structured entity ("investee fund"). The investee fund is managed by Affin Hwang Asset Management Berhad.

The Company holds 88.2% (31.12.2018: 89.4%) 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>30.06.2019</u>	<u>31.12.2018</u>
	RM'000	RM'000
<u>At amortised cost</u>		
Financial assets at fair value through profit or loss	149,596	131,218
Cash and cash equivalents	38,596	55,627
Dividend receivables	298	174
Amount due from brokers	3,727	812
Payables	(4,816)	(464)
	<u>187,401</u>	<u>187,367</u>

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 the financial statements.

The condensed interim financial statements of investee fund for the half-year ended 30 June 2019 is unaudited by PricewaterhouseCoopers PLT (LLP0014401-LCA & AF1146).

10 REINSURANCE ASSETS

GROUP AND COMPANY	<u>30.06.2019</u>	<u>31.12.2018</u>
	RM'000	RM'000
Reinsurance of insurance contracts:		
- Insurance contract liabilities (Note 11)	20,071	27,816
- Insurance claims liabilities	2,862	4,588
	<u>22,933</u>	<u>32,404</u>

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NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS - 30 JUNE 2019 (CONTINUED)

10 REINSURANCE ASSETS (CONTINUED)

GROUP AND COMPANY	<u>30.06.2019</u> RM'000	<u>31.12.2018</u> RM'000
Receivable within 12 months	4,421	5,759
Receivable after 12 months	18,512	26,645
	<u>22,933</u>	<u>32,404</u>

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

11 INSURANCE CONTRACT LIABILITIES

	<u>30.6.2019</u>			<u>31.12.2018</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	1,200,652	(20,071)	1,180,581	1,118,903	(27,816)	1,091,087
Unallocated surplus	10,117	-	10,117	19,695	-	19,695
Available-for-sale reserve	34,599	-	34,599	(3,628)	-	(3,628)
Net asset value attributable to unitholders	<u>349,886</u>	<u>-</u>	<u>349,886</u>	<u>296,147</u>	<u>-</u>	<u>296,147</u>
	1,595,254	(20,071)	1,575,183	1,431,117	(27,816)	1,403,301
Less:						
Elimination of Shareholders Fund investment in investment-linked funds	(19,429)	-	(19,429)	(18,648)	-	(18,648)
	<u>1,575,825</u>	<u>(20,071)</u>	<u>1,555,754</u>	<u>1,412,469</u>	<u>(27,816)</u>	<u>1,384,653</u>
Current	416,966	(1,251)	415,715	342,129	(1,171)	340,958
Non-current	1,158,859	(18,820)	1,140,039	1,070,340	(26,645)	1,043,695
	<u>1,575,825</u>	<u>(20,071)</u>	<u>1,555,754</u>	<u>1,412,469</u>	<u>(27,816)</u>	<u>1,384,653</u>

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NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS - 30 JUNE
2019 (CONTINUED)

11 INSURANCE CONTRACT LIABILITIES (CONTINUED)

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

30.6.2019

	<u>Gross</u> RM'000	<u>Reinsurance</u> RM'000	<u>Net</u> RM'000
At 1 January 2019	1,412,469	(27,816)	1,384,653
Reserve movement for inforce policies	32,995	939	33,934
Reserve for new business	37,829	(1,513)	36,316
Change in discount rate	12,661	(646)	12,015
Change in other assumptions	(18,325)	9,381	(8,944)
Adjustment of asset share	14,147	-	14,147
Other changes in reserving	2,442	(416)	2,026
Movement in unallocated surplus	(9,578)	-	(9,578)
Movement in net asset value attributable to unitholders	53,739	-	53,739
	125,910	7,745	133,655
Elimination of fair value gains from Shareholders' fund investment in investment-linked funds	(781)	-	(781)
Available-for-sale fair value adjustment	38,227	-	38,227
At 30 June 2019	<u>1,575,825</u>	<u>(20,071)</u>	<u>1,555,754</u>

31.12.2018

	<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	82,967	2,358	85,325
Reserve for new business	44,942	(3,966)	40,976
Change in discount rate	(2,517)	219	(2,298)
Change in other assumptions	2,920	1,542	4,462
Change in valuation methodology	(417)	-	(417)
Adjustment of asset share	(7,779)	-	(7,779)
Other changes in reserving	(13,151)	(59)	(13,210)
Movement in unallocated surplus	9,611	-	9,611
Movement in net asset value attributable to unitholders	54,395	-	54,395
	170,971	94	171,065
Elimination of fair value gains from Shareholders' fund investment in investment-linked funds	877	-	877
Available-for-sale fair value adjustment	(13,806)	-	(13,806)
At 31 December 2018	<u>1,412,469</u>	<u>(27,816)</u>	<u>1,384,653</u>

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NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS - 30 JUNE
2019 (CONTINUED)

12 CASH FLOWS GENERATED FROM OPERATING ACTIVITIES

	30.06.2019		30.06.2018	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Net (loss)/profit for the financial period	(919)	(2,098)	6,713	1,882
<u>Non-cash items:</u>				
Taxation	6,769	6,743	425	392
Investment income	(35,122)	(34,977)	(29,600)	(29,419)
Depreciation of property and equipment	597	597	408	408
Depreciation of investment property	3	3	3	3
Amortisation of intangible assets	1,959	1,959	1,725	1,725
Gain on disposal of financial assets	(2,701)	(839)	(5,828)	(362)
Net fair value (gain)/ loss on FVTPL financial assets	(23,589)	(23,589)	11,298	11,298
Allowance for impairment on other receivables	693	693	-	-
<u>Changes in working capital:</u>				
Increase in loans	(855)	(855)	(267)	(267)
(Increase)/decrease in fixed and call deposits	(24,370)	(24,370)	40,267	40,267
Increase in insurance receivables	(5,293)	(5,293)	(7,523)	(7,523)
Increase in other receivables	(10,332)	(10,208)	(8,634)	(2,914)
Decrease in reinsurance assets	9,471	9,471	3,762	3,762
Increase in insurance contract liabilities	125,910	125,910	94,013	94,013
(Decrease)/increase in insurance claims liabilities	(824)	(824)	261	261
Decrease in insurance payables	(6,052)	(6,052)	(10,345)	(10,345)
(Decrease)/increase in reinsurance payables	(7,310)	(7,310)	806	806
Increase in other payables	45,713	45,817	5,619	3,034
Cash flows generated from operating activities	<u>73,748</u>	<u>74,778</u>	<u>103,103</u>	<u>107,021</u>

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NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS - 30 JUNE 2019 (CONTINUED)

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>30.06.2019</u> RM'000	<u>30.06.2018</u> RM'000
Not later than 1 year	2,725	1,571
Later than 1 year and not later than 5 years	1,398	369
	<u>4,123</u>	<u>1,940</u>

14 CAPITAL COMMITMENTS

There are no capital commitments for the financial period ended 30 June 2019 and financial year ended 31 December 2018.

15 RISK MANAGEMENT FRAMEWORK

The capital structure of the Company as at 30 June 2019, as prescribed under the RBC Framework, is shown below:

	<u>30.06.2019</u> RM'000	<u>31.12.2018</u> RM'000
<u>Eligible Tier 1 Capital</u>		
Share capital	428,000	398,000
Accumulated losses	(103,190)	(101,092)
Eligible contract liabilities	78,614	100,184
	<u>403,424</u>	<u>397,092</u>
<u>Tier 2 Capital</u>		
Available-for-sale	50,492	8,033
Amounts deducted from capital	(114,202)	(116,105)
	<u>339,714</u>	<u>289,020</u>

The Company has met the minimum capital requirements specified in the RBC Framework for the financial period/ years ended 30 June 2019 and 31 December 2018.

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NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS - 30 JUNE 2019 (CONTINUED)

16 INSURANCE FUNDS

UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION BY FUNDS AS AT 30 JUNE 2019

COMPANY

	Shareholders' fund		Life fund		Investment-linked funds		Elimination		Total	
	30.6.2019	31.12.2018	30.6.2019	31.12.2018	30.6.2019	31.12.2018	30.6.2019	31.12.2018	30.6.2019	31.12.2018
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
ASSETS										
Property and equipment	-	-	4,125	3,089	-	-	-	-	4,125	3,089
Investment properties	-	-	246	249	-	-	-	-	246	249
Intangible assets	99,120	99,120	6,417	7,128	-	-	-	-	105,537	106,248
Investments	238,674	212,817	1,405,020	1,250,932	329,351	274,744	(19,429)	(18,647)	1,953,616	1,719,846
AFS financial assets	205,661	171,020	1,082,464	1,004,337	-	-	-	-	1,288,125	1,175,357
FVTPL financial assets	-	-	256,723	215,097	329,351	274,744	(19,429)	(18,647)	566,645	471,194
Loans and receivables	33,013	41,797	65,833	31,498	-	-	-	-	98,846	73,295
Reinsurance assets	-	-	22,933	32,404	-	-	-	-	22,933	32,404
Insurance receivables	-	-	20,134	14,841	-	-	-	-	20,134	14,841
Current tax assets	2,610	2,609	(158)	3,102	(1,959)	(1,633)	-	-	493	4,078
Deferred tax assets	8,666	9,560	(5,082)	(680)	(524)	575	-	-	3,060	9,455
Other receivables	6,199	8,902	13,786	3,597	282	509	(6,075)	(8,851)	14,192	4,157
Cash and cash equivalents	32	188	27,399	31,301	24,165	22,954	-	-	51,596	54,443
TOTAL ASSETS	355,301	333,196	1,494,820	1,345,963	351,315	297,149	(25,504)	(27,498)	2,175,932	1,948,810

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NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS - 30 JUNE 2019 (CONTINUED)

16 INSURANCE FUNDS (CONTINUED)

UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION BY FUNDS AS AT 30 JUNE 2019 (CONTINUED)

COMPANY

	Shareholders' fund		Life fund		Investment-linked funds		Elimination		Total	
	30.6.2019	31.12.2018	30.6.2019	31.12.2018	30.6.2019	31.12.2018	30.6.2019	31.12.2018	30.6.2019	31.12.2018
	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	428,000	398,000	-	-	-	-	-	-	428,000	398,000
Accumulated losses	(103,190)	(101,092)	-	-	-	-	-	-	(103,190)	(101,092)
Available-for-sale reserve	15,894	11,661	-	-	-	-	-	-	15,894	11,661
TOTAL EQUITY	340,704	308,569	-	-	-	-	-	-	340,704	308,569
LIABILITIES										
Insurance contract liabilities	-	-	1,245,368	1,134,969	349,886	296,147	(19,429)	(18,647)	1,575,825	1,412,469
Insurance claims liabilities	-	-	31,288	31,723	(389)	-	-	-	30,899	31,723
Insurance payables	328	216	37,348	43,512	-	-	-	-	37,676	43,728
Reinsurance payables	-	-	3,214	10,524	-	-	-	-	3,214	10,524
Other payables	14,269	24,411	177,602	125,235	1,818	1,002	(6,075)	(8,851)	187,614	141,797
TOTAL LIABILITIES	14,597	24,627	1,494,820	1,345,963	351,315	297,149	(25,504)	(27,498)	1,835,228	1,640,241
TOTAL EQUITY, POLICYHOLDERS' FUNDS AND LIABILITIES	355,301	333,196	1,494,820	1,345,963	351,315	297,149	(25,504)	(27,498)	2,175,932	1,948,810

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NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS - 30 JUNE 2019 (CONTINUED)

16 INSURANCE FUNDS (CONTINUED)

UNAUDITED CONDENSED STATEMENT OF PROFIT OR LOSS BY FUNDS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019

COMPANY

	Shareholders' fund		Life fund		Investment-linked funds		Total	
	30.6.2019 RM'000	30.6.2018 RM'000	30.6.2019 RM'000	30.6.2018 RM'000	30.6.2019 RM'000	30.6.2018 RM'000	30.6.2019 RM'000	30.6.2018 RM'000
Gross premiums	-	-	179,789	166,705	70,477	66,775	250,266	233,480
Premiums ceded to reinsurers	-	-	(12,815)	(12,683)	-	-	(12,815)	(12,683)
Net premiums	-	-	166,974	154,022	70,477	66,775	237,451	220,797
Reinsurance commission income	-	-	3,550	997	-	-	3,550	997
Investment income	2,709	3,278	28,510	23,379	3,758	2,762	34,977	29,419
Net realised gains	364	117	365	229	110	16	839	362
Net fair value gains	-	-	9,876	-	13,713	-	23,589	-
Other operating income	3	4	1,434	1,307	163	36	1,600	1,347
Other revenue	3,076	3,399	43,735	25,912	17,744	2,814	64,555	32,125
Gross benefits and claims paid	-	-	(71,946)	(59,116)	(33,019)	(30,805)	(104,965)	(89,921)
Claims ceded to reinsurers	-	-	10,321	7,443	-	-	10,321	7,443
Gross change in insurance contract liabilities	-	-	(72,171)	(63,068)	(53,739)	(29,914)	(125,910)	(92,982)
Changes in insurance contract liabilities ceded to reinsurers	-	-	(7,745)	(1,527)	-	-	(7,745)	(1,527)
Net claims	-	-	(141,541)	(116,268)	(86,758)	(60,719)	(228,299)	(176,987)
Net fair value loss	-	-	-	(1,858)	-	(9,440)	-	(11,298)
Fee and commission expenses	(684)	(238)	(23,710)	(23,317)	-	-	(24,394)	(23,555)
Management expenses	(4,029)	(1,743)	(40,116)	(36,156)	(39)	(97)	(44,184)	(37,996)
Other operating expenses	-	-	(484)	(753)	-	-	(484)	(753)
Other expenses	(4,713)	(1,981)	(64,310)	(62,084)	(39)	(9,537)	(69,062)	(73,602)

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NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS - 30 JUNE 2019 (CONTINUED)

16 INSURANCE FUNDS (CONTINUED)

UNAUDITED CONDENSED STATEMENT OF PROFIT OR LOSS BY FUNDS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONTINUED)

COMPANY

	Shareholders' fund		Life fund		Investment-linked funds		Total	
	<u>30.06.2019</u> RM'000	<u>30.6.2018</u> RM'000	<u>30.06.2019</u> RM'000	<u>30.6.2018</u> RM'000	<u>30.06.2019</u> RM'000	<u>30.6.2018</u> RM'000	<u>30.06.2019</u> RM'000	<u>30.6.2018</u> RM'000
(Loss)/profit before taxation	(1,637)	1,418	4,858	1,582	1,424	(667)	4,645	2,333
Tax expense attributable to policyholders and unitholders	-	-	(1,445)	(1,265)	(1,424)	667	(2,869)	(598)
(Loss)/Profit before taxation attributable to Shareholders	(1,637)	1,418	3,413	317	-	-	1,776	1,735
Taxation	(461)	464	(4,858)	(1,582)	1,424	667	(3,895)	(451)
Tax expense attributable to policyholders and unitholders	-	-	1,445	1,265	(1,424)	(667)	21	598
Tax expense attributable to Shareholders	(461)	464	(3,413)	(317)	-	-	(3,874)	147
Net (loss)/profit for the financial period	(2,098)	1,882	-	-	-	-	(2,098)	1,882

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NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS - 30 JUNE 2019 (CONTINUED)

16 INSURANCE FUNDS (CONTINUED)

UNAUDITED CONDENSED STATEMENT OF CASH FLOWS BY FUNDS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019

COMPANY

	Shareholders' Fund		Life Fund		Investment-linked Funds		Total	
	<u>30.6.2019</u> RM'000	<u>30.6.2018</u> RM'000	<u>30.6.2019</u> RM'000	<u>30.6.2018</u> RM'000	<u>30.6.2019</u> RM'000	<u>30.6.2018</u> RM'000	<u>30.6.2019</u> RM'000	<u>30.6.2018</u> RM'000
<u>Cash flows from:</u>								
Operating activities	(30,156)	1,147	(3,077)	1,272	1,211	13,579	(32,022)	15,998
Investing activities	-	-	(825)	(3,706)	-	-	(825)	(3,706)
Financing activities	30,000	-	-	-	-	-	30,000	-
	<u>(156)</u>	<u>1,147</u>	<u>(3,902)</u>	<u>(2,434)</u>	<u>1,211</u>	<u>13,579</u>	<u>(2,847)</u>	<u>12,292</u>
<u>Cash and cash equivalents:</u>								
Net (decrease)/increase in cash and cash equivalents	(156)	1,147	(3,902)	(2,434)	1,211	13,579	(2,847)	12,292
At beginning of the financial period	188	91	31,301	19,619	22,954	14,325	54,443	34,035
At end of the financial period	<u>32</u>	<u>1,238</u>	<u>27,399</u>	<u>17,185</u>	<u>24,165</u>	<u>27,904</u>	<u>51,596</u>	<u>46,327</u>