

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

Unaudited Interim Financial Statements
For the 6-Month Financial Period From
1 January 2015 to 30 June 2015

AXA AFFIN GENERAL INSURANCE BERHAD

(Company No. 23820-W)

(Incorporated in Malaysia)

Contents	Page
Statements of Financial Position	1
Statements of Income	2
Statements of Comprehensive Income	2
Statements of Changes in Equity	3
Statements of Cash Flows	4-5
Notes to the Financial Statements	6-9

AXA AFFIN GENERAL INSURANCE BERHAD

(Company No. 23820-W)

(Incorporated in Malaysia)

UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2015

	Note	30.06.2015		31.12.2014	
		Group RM'000	Company RM'000	Group RM'000	Company RM'000
Assets					
Property, plant and equipment		20,339	20,339	20,488	20,488
Intangible asset - software		1,161	1,161	1,803	1,803
Goodwill		165,822	165,822	165,822	165,822
Investment in a subsidiary		-	170,261	-	170,261
Other investments	10	1,942,818	1,942,818	1,778,450	1,778,450
Available-for-sale financial assets		1,248,975	1,248,975	1,196,874	1,196,874
Loans and receivables		693,843	693,843	581,576	581,576
Reinsurance assets	11	200,121	200,121	227,743	227,743
Insurance receivables		258,184	258,184	175,449	175,449
Other receivables		73,837	73,837	75,989	75,989
Deferred tax asset		3,611	3,611	5,628	5,628
Tax recoverable		-	-	-	-
Cash and cash equivalents		7,615	7,589	9,149	9,022
Total assets		<u>2,673,508</u>	<u>2,843,743</u>	<u>2,460,521</u>	<u>2,630,655</u>
Equity and liabilities					
Share capital		119,048	119,048	119,048	119,048
Share premiums		71,597	71,597	71,597	71,597
Retained earnings		549,660	552,314	498,682	501,456
Available-for-sale reserve		18,934	16,567	12,546	10,179
Revaluation reserve		12,193	12,193	12,192	12,192
Share option reserve		3,367	3,367	3,367	3,367
Total equity		<u>774,799</u>	<u>775,086</u>	<u>717,432</u>	<u>717,839</u>
Insurance contract liabilities	12	1,477,603	1,477,603	1,346,870	1,346,870
Deferred tax liabilities		-	-	-	-
Borrowings		152,507	152,507	152,006	152,006
Insurance payables		193,345	193,345	181,929	181,929
Other payables		56,463	226,404	51,537	221,443
Tax payable		18,791	18,798	10,747	10,568
Total liabilities		<u>1,898,709</u>	<u>2,068,657</u>	<u>1,743,089</u>	<u>1,912,816</u>
Total equity and liabilities		<u>2,673,508</u>	<u>2,843,743</u>	<u>2,460,521</u>	<u>2,630,655</u>

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

**UNAUDITED STATEMENTS OF INCOME
FOR THE 6-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2015**

	30.06.2015		30.06.2014	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Operating revenue	<u>629,931</u>	<u>629,931</u>	<u>524,856</u>	<u>524,856</u>
Gross written premiums	679,121	679,121	577,667	577,667
Change in unearned premiums provision	<u>(85,679)</u>	<u>(85,679)</u>	<u>(82,325)</u>	<u>(82,325)</u>
Gross earned premiums	<u>593,442</u>	<u>593,442</u>	<u>495,342</u>	<u>495,342</u>
Gross written premiums ceded to reinsurers	(104,441)	(104,441)	(99,673)	(99,673)
Change in unearned premiums provision	<u>5,680</u>	<u>5,680</u>	<u>6,953</u>	<u>6,953</u>
Premiums ceded to reinsurers	<u>(98,761)</u>	<u>(98,761)</u>	<u>(92,720)</u>	<u>(92,720)</u>
Net earned premiums	<u>494,681</u>	<u>494,681</u>	<u>402,622</u>	<u>402,622</u>
Investment income	36,488	36,488	29,514	29,514
Realised gains and losses	946	946	2,017	2,017
Fair value gains and losses	-	-	-	-
Reinsurance commission income	22,501	22,501	19,784	19,784
Other operating revenue	<u>90</u>	<u>90</u>	<u>72</u>	<u>72</u>
Other revenue	<u>60,025</u>	<u>60,025</u>	<u>51,387</u>	<u>51,387</u>
Gross claims paid	(260,100)	(260,100)	(222,442)	(222,442)
Claims ceded to reinsurance	37,911	37,911	35,094	35,094
Gross change to contract liabilities	(45,054)	(45,054)	(82,571)	(82,571)
Change to contract liabilities ceded to reinsurance	<u>(33,302)</u>	<u>(33,302)</u>	<u>20,716</u>	<u>20,716</u>
Net claims incurred	<u>(300,545)</u>	<u>(300,545)</u>	<u>(249,203)</u>	<u>(249,203)</u>
Commission expense	(78,919)	(78,919)	(69,413)	(69,413)
Management expenses	(96,480)	(96,415)	(79,492)	(79,492)
Finance costs	(7,074)	(7,074)	(5,984)	(5,984)
Other operating expenses	<u>(250)</u>	<u>(250)</u>	<u>(250)</u>	<u>(250)</u>
Other expenses	<u>(182,723)</u>	<u>(182,658)</u>	<u>(155,139)</u>	<u>(155,139)</u>
Profit before taxation	71,438	71,503	49,667	49,667
Taxation	<u>(20,460)</u>	<u>(20,645)</u>	<u>(15,476)</u>	<u>(15,476)</u>
Net profit for the financial period	<u>50,978</u>	<u>50,858</u>	<u>34,191</u>	<u>34,191</u>
Basic earnings per share (sen)	42.82	42.72	28.72	28.72

**UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE 6-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2015**

	30.06.2015		30.06.2014	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Net profit for the financial period	50,978	50,858	34,191	34,191
Other comprehensive income				
Available-for-sale reserve:				
Net gain arising during the financial period	9,292	9,292	(419)	(419)
Net realised (loss)/gain transferred to income statement	(944)	(944)	2,061	2,061
Tax effect thereon	<u>(2,016)</u>	<u>(2,016)</u>	<u>(436)</u>	<u>(436)</u>
	<u>6,332</u>	<u>6,332</u>	<u>1,206</u>	<u>1,206</u>
Total comprehensive income for the financial period	57,310	57,190	35,397	35,397

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

AXA AFFIN GENERAL INSURANCE BERHAD

(Company No. 23820-W)

(Incorporated in Malaysia)

**UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE 6-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2015**

GROUP	Share capital RM'000	Share premiums RM'000	Revaluation reserve RM'000	Share option reserve RM'000	AFS reserve RM'000	Retained earnings RM'000	Total RM'000
At 1 January 2015	119,048	71,597	12,192	3,367	12,546	498,682	717,432
Total comprehensive income for the financial period	-	-	1	-	6,388	50,978	57,367
At 30 June 2015	119,048	71,597	12,193	3,367	18,934	549,660	774,799
At 1 January 2014	119,048	71,597	10,292	3,050	15,833	409,954	629,774
Total comprehensive income for the financial period	-	-	-	-	1,310	34,191	35,501
At 30 June 2014	119,048	71,597	10,292	3,050	17,143	444,145	665,275

COMPANY	Non-distributable					Distributable	Total RM'000
	Share capital RM'000	Share premiums RM'000	Revaluation reserve RM'000	Share option reserve RM'000	AFS reserve RM'000	Retained earnings RM'000	
At 1 January 2015	119,048	71,597	12,192	3,367	10,179	501,456	717,839
Total comprehensive income for financial year	-	-	1	-	6,388	50,858	57,247
At 30 June 2015	119,048	71,597	12,193	3,367	16,567	552,314	775,086
At 1 January 2014	119,048	71,597	9,342	2,271	11,648	343,821	557,727
Total comprehensive income for financial year	-	-	-	-	2,262	17,909	20,171
At 30 June 2014	119,048	71,597	9,342	2,271	13,910	361,730	577,898

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AXA AFFIN GENERAL INSURANCE BERHAD

(Company No. 23820-W)

(Incorporated in Malaysia)

**UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE 6-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2015**

	30.06.2015		30.06.2014	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Operating Activities				
Net profit for the financial period	50,978	50,858	34,191	34,191
Investment income	(36,488)	(36,488)	(29,514)	(29,514)
Realised gains and losses	(946)	(946)	(2,017)	(2,017)
Finance costs	7,074	7,074	5,984	5,984
Fair value gains and losses	-	-	-	-
Taxation	20,460	20,645	15,476	15,476
Purchase of AFS financial assets	(101,205)	(101,205)	(383,841)	(383,841)
Proceeds from disposal of AFS financial assets	55,000	55,000	5,000	5,000
Proceeds from maturity of AFS financial assets	2,852	2,852	123,000	123,000
Share-based compensation	-	-	-	-
Non-cash items:				
Depreciation of property, plant and equipment	1,041	1,041	862	862
Amortisation of intangible asset - software	708	708	1,034	1,034
Allowance for/(write-back of) impairment of insurance receivables	-	-	(542)	(542)
Changes in working capital:				
Decrease/(increase) in loans and receivables	(107,609)	(107,609)	136,431	136,431
Decrease/(increase) in reinsurance assets	27,622	27,622	(27,669)	(27,669)
Increase in insurance receivables	(82,735)	(82,735)	(39,770)	(39,770)
Decrease/(increase) in other receivables	2,152	2,152	(6,793)	(6,793)
Increase in insurance contract liabilities	130,733	130,733	(6,917)	(6,917)
Increase/(decrease) in insurance payables	11,416	11,416	8,771	8,851
Increase in other payables	4,925	4,961		
Cash generated from operating activities	(14,022)	(13,921)	(1,418)	(1,338)
Dividend income received	969	969	660	660
Interest income received	31,461	31,461	27,644	27,644
Interest paid on borrowings	(6,573)	(6,573)	(5,984)	(5,984)
Income tax paid	(12,411)	(12,411)	(9,095)	(9,086)
Net cash inflows from operating activities	(576)	(475)	11,807	11,896

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AXA AFFIN GENERAL INSURANCE BERHAD

(Company No. 23820-W)

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UNAUDITED STATEMENTS OF CASH FLOWS**FOR 6-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2015 (CONTINUED)**

	30.06.2015		30.06.2014	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Investing Activities				
Proceeds from disposals of property, plant and equipment	-	-	-	-
Purchase of property, plant and equipment	(892)	(892)	(520)	(520)
Purchase of intangible asset - software	(66)	(66)	(113)	(113)
Net cash outflows from investing activities	<u>(958)</u>	<u>(958)</u>	<u>(633)</u>	<u>(633)</u>
Financing Activities				
Repayment of borrowings	-	-	-	-
Net cash (outflows)/inflows from financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents	(1,534)	(1,433)	11,174	11,263
Cash and cash equivalents at the beginning of the financial year	<u>9,149</u>	<u>9,022</u>	<u>19,849</u>	<u>19,717</u>
Cash and cash equivalents at the end of the financial year	<u><u>7,615</u></u>	<u><u>7,589</u></u>	<u><u>31,023</u></u>	<u><u>30,980</u></u>
Cash and cash equivalents comprise:				
Cash and bank balances	<u>7,615</u>	<u>7,589</u>	<u>31,023</u>	<u>30,980</u>

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

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2015

1. Basis of preparation

The interim financial statements of AXA Affin General Insurance Berhad (“the Company”) are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”), International Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia. They do not include all information required for full annual financial statements, and should be read in conjunction with the Company’s annual financial statements for the year ended 31 December 2014.

2. Comments on seasonality or cyclicity

The business operations of the Company were not significantly affected by seasonality or cyclical factors for the current interim period ended 30 June 2015.

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 2015.

4. Changes in estimates

There were no material changes in the basis used for accounting estimates for the current interim period ended 30 June 2015.

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

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities by the Company for the current interim period ended 30 June 2015.

6. Dividend paid

No dividend was paid during the current interim period ended 30 June 2015.

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

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

AXA AFFIN GENERAL INSURANCE BERHAD

(Company No. 23820-W)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2015 (CONTINUED)
10 OTHER INVESTMENTS

	30.06.2015		31.12.2014	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Available-for-sale ("AFS") financial assets	1,248,975	1,248,975	1,196,874	1,196,874
Loans and receivables ("LAR")	693,843	693,843	581,576	581,576
	<u>1,942,817</u>	<u>1,942,817</u>	<u>1,778,450</u>	<u>1,778,450</u>
(a) AFS financial assets:				
<u>At fair value</u>				
Malaysian Government Securities				
- unquoted in Malaysia	688,261	688,261	692,177	692,177
Corporate debt securities				
- unquoted in Malaysia	501,171	501,171	445,776	445,776
Equity securities				
- quoted in Malaysia	58,672	58,672	58,105	58,105
- unquoted in Malaysia	250	250	250	250
REITs/unit trusts				
- quoted in Malaysia	621	621	566	566
	<u>1,248,975</u>	<u>1,248,975</u>	<u>1,196,874</u>	<u>1,196,874</u>
Maturing within 12 months	231,845	231,845	187,449	187,449
Maturing after 12 months	1,017,130	1,017,130	1,009,425	1,009,425
	<u>1,248,975</u>	<u>1,248,975</u>	<u>1,196,874</u>	<u>1,196,874</u>
(b) LAR				
<u>At amortised cost</u>				
Loans	484	484	782	782
Fixed and call deposits	693,359	693,359	580,794	580,794
	<u>693,843</u>	<u>693,843</u>	<u>581,576</u>	<u>581,576</u>
Loans maturing within 12 months	130	130	397	397
Loans maturing after 12 months	354	354	385	385
	<u>484</u>	<u>484</u>	<u>782</u>	<u>782</u>
(c) Carrying value of financial instruments				
	AFS RM'000	LAR RM'000	Total RM'000	
Group and Company				
At 1 January 2014	815,937	696,907	1,512,844	
Purchases	544,125	1,087,866	1,631,991	
Maturities	(150,252)	(1,201,737)	(1,351,989)	
Disposals	(7,989)	-	(7,989)	
Net gain recorded in other comprehensive income	(1,726)	-	(1,726)	
Net realised gain transferred to income statement	(2,835)	-	(2,835)	
Movement in impairment allowance	(710)	-	(710)	
Amortisation adjustment	(2,814)	-	(2,814)	
Movement in interest income accrued	3,138	(1,460)	1,678	
At 31 December 2014	<u>1,196,874</u>	<u>581,576</u>	<u>1,778,450</u>	
Purchases	101,205	1,536,426	1,637,631	
Maturities	(55,000)	(1,428,817)	(1,483,817)	
Disposals	(1,908)	-	(1,908)	
Net gain recorded in other comprehensive income	9,292	-	9,292	
Net realised gain transferred to income statement	(944)	-	(944)	
Movement in impairment allowance	54	-	54	
Amortisation adjustment	(985)	-	(985)	
Movement in interest income accrued	387	4,658	5,045	
At 30 June 2015	<u>1,248,975</u>	<u>693,843</u>	<u>1,942,818</u>	

AXA AFFIN GENERAL INSURANCE BERHAD

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NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2015 (CONTINUED)
11 REINSURANCE ASSETS

	30.06.2015		31.12.2014	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Claims liabilities	150,861	150,861	184,163	184,163
Premium liabilities	49,260	49,260	43,580	43,580
	<u>200,121</u>	<u>200,121</u>	<u>227,743</u>	<u>227,743</u>

12 INSURANCE CONTRACT LIABILITIES
GROUP AND COMPANY

	30.06.2015			31.12.2014		
	Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000
Provision for claims reported by policyholders	605,385	(123,032)	482,353	575,029	(141,586)	433,443
Provision for IBNR claims	331,536	(27,829)	303,707	316,838	(42,577)	274,261
Claims liabilities	936,921	(150,861)	786,060	891,867	(184,163)	707,704
Premium liabilities	540,682	(49,260)	491,422	455,003	(43,580)	411,423
	<u>1,477,603</u>	<u>(200,121)</u>	<u>1,277,482</u>	<u>1,346,870</u>	<u>(227,743)</u>	<u>1,119,127</u>

(i) Claims liabilities

GROUP AND COMPANY

	30.06.2015			31.12.2014		
	Gross RM'000	RI RM'000	Net RM'000	Gross RM'000	RI RM'000	Net RM'000
At 1 January	891,867	(184,163)	707,704	760,901	(175,196)	585,705
Claims incurred in the current accident year before provision of risk margin for adverse deviation ("PRAD") and claims handling expenses ("CHE")	343,864	(34,349)	309,515	625,474	(106,143)	519,331
Movement in claims incurred in prior accident years before PRAD and CHE	(41,505)	25,979	(15,526)	(24,480)	9,441	(15,039)
Movement in PRAD of claims liabilities at 75% confidence level	1,195	3,761	4,956	10,120	(2,320)	7,800
Movement in claims handling expenses	1,600	-	1,600	3,060	-	3,060
Claims paid during the financial year	(260,100)	37,911	(222,188)	(483,208)	90,055	(393,153)
At 30 June/31 December	<u>936,921</u>	<u>(150,861)</u>	<u>786,060</u>	<u>891,867</u>	<u>(184,163)</u>	<u>707,704</u>

(ii) Premium liabilities

GROUP AND COMPANY

At 1 January	455,003	(43,580)	411,423	367,904	(39,494)	328,410
Premiums written in the financial period	679,121	(104,441)	574,680	1,134,729	(198,614)	936,115
Premiums earned during the financial period	(593,442)	98,761	(494,681)	(1,047,630)	194,528	(853,102)
At 30 June/31 December	<u>540,682</u>	<u>(49,260)</u>	<u>491,422</u>	<u>455,003</u>	<u>(43,580)</u>	<u>411,423</u>

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2015 (CONTINUED)

13 OPERATING LEASE REQUIREMENTS

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

	30.06.2015		31.12.2014	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Not later than 1 year	4,477	4,477	4,464	4,464
Later than 1 year and not later than 5 years	2,325	2,325	3,891	3,891
	<u>6,802</u>	<u>6,802</u>	<u>8,355</u>	<u>8,355</u>

14 CAPITAL COMMITMENTS

	30.06.2015		31.12.2014	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Capital expenditure approved and contracted for: Property, plant and equipment	<u>12,160</u>	<u>12,160</u>	<u>8,676</u>	<u>8,676</u>

15 CAPITAL STRUCTURE

The capital structure of the Company as at 30 June 2015, as prescribed under the RBC Framework is provided below:

	30.06.2015 RM'000	01.01.2015 RM'000
<u>Eligible Tier 1 capital</u>		
Share capital (paid up)	119,048	119,048
Share premium	71,597	71,597
Retained earnings	<u>552,314</u>	<u>501,456</u>
	<u>742,959</u>	<u>692,101</u>
<u>Tier 2 capital</u>		
AFS reserve	16,567	10,179
Revaluation reserve	12,193	12,192
Share option reserve	3,367	3,367
Subordinated loan	<u>150,000</u>	<u>150,000</u>
	<u>182,127</u>	<u>175,738</u>
<u>Deductions</u>		
Goodwill	(165,822)	(165,822)
Deferred tax assets	<u>(3,611)</u>	<u>(5,628)</u>
	<u>(169,433)</u>	<u>(171,450)</u>
Total capital available	<u>755,653</u>	<u>696,389</u>