

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 2017 to 30 June 2017

AXA AFFIN GENERAL INSURANCE BERHAD

(Company No. 23820-W)

(Incorporated in Malaysia)

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AXA AFFIN GENERAL INSURANCE BERHAD

(Company No. 23820-W)

(Incorporated in Malaysia)

UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2017

	Note	30.06.2017		31.12.2016	
		Group RM'000	Company RM'000	Group RM'000	Company RM'000
Assets					
Property, plant and equipment		31 713	31 713	31 060	31 060
Intangible asset - software		10 101	10 101	6 815	6 815
Goodwill		165 821	165 821	165 822	165 822
Other investments	10	2 584 469	2 584 469	2 333 757	2 333 636
Available-for-sale ("AFS") financial assets		1 678 009	1 678 009	1 107 468	1 512 302
Loans and receivables ("LAR")		906 460	906 460	1 226 289	821 334
Reinsurance assets	11	265 292	265 292	237 480	237 480
Insurance receivables		283 204	283 204	233 492	233 492
Other receivables and prepayments		94 146	94 146	89 031	89 031
Deferred tax assets		4 261	4 261	6 766	7 234
Tax recoverable		969	969	-	-
Cash and cash equivalents		31 373	31 373	81 423	81 375
Total assets		<u>3 471 349</u>	<u>3 471 349</u>	<u>3 185 646</u>	<u>3 185 945</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		768 314	768 314	717 143	719 076
AFS reserve		16 589	16 589	8 803	7 320
Revaluation reserve		13 664	13 664	13 664	13 664
Share option reserve		4 801	4 801	4 801	4 801
Total equity		<u>994 013</u>	<u>994 013</u>	<u>935 056</u>	<u>935 506</u>
Insurance contract liabilities	12	1 815 607	1 815 607	1 752 451	1 752 451
Borrowings		233 759	233 759	101 871	101 871
Insurance payables		270 561	270 561	260 140	260 140
Other payables		157 409	157 409	132 960	132 809
Tax payable		-	-	3 168	3 168
Total liabilities		<u>2 477 336</u>	<u>2 477 336</u>	<u>2 250 590</u>	<u>2 250 439</u>
Total equity and liabilities		<u>3 471 349</u>	<u>3 471 349</u>	<u>3 185 646</u>	<u>3 185 945</u>

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

AXA AFFIN GENERAL INSURANCE BERHAD

(Company No. 23820-W)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED STATEMENTS OF INCOME
FOR THE 6-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2017**

	30.06.2017		30.06.2016	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Gross earned premiums	701 380	701 380	706 436	706 436
Premiums ceded to reinsurers	(114 626)	(114 626)	(120 360)	(120 360)
Net earned premiums	<u>586 755</u>	<u>586 755</u>	<u>586 076</u>	<u>586 076</u>
Investment income	43 413	43 070	42 938	42 938
Realised gains and losses	2 748	758	9 763	9 763
Reinsurance commission income	23 347	23 347	25 865	25 865
Other operating revenue	<u>1 646</u>	<u>1 646</u>	<u>165</u>	<u>165</u>
Other revenue	<u>71 154</u>	<u>68 821</u>	<u>78 731</u>	<u>78 731</u>
Gross claims paid	(398 482)	(398 482)	(334 948)	(334 948)
Claims ceded to reinsurers	41 374	41 374	34 978	34 978
Gross change to claims liabilities	(33 087)	(33 087)	(76 237)	(76 237)
Change to claims liabilities ceded to reinsurers	<u>21 929</u>	<u>21 929</u>	<u>7 870</u>	<u>7 870</u>
Net claims incurred	<u>(368 266)</u>	<u>(368 266)</u>	<u>(368 337)</u>	<u>(368 337)</u>
Commission expense	(82 754)	(82 754)	(92 034)	(92 034)
Management expenses	(125 456)	(125 351)	(104 495)	(104 495)
Finance costs	(7 632)	(7 632)	(7 044)	(7 044)
Other operating expenses	<u>(3 603)</u>	<u>(3 603)</u>	<u>(36)</u>	<u>(36)</u>
Other expenses	<u>(219 445)</u>	<u>(219 340)</u>	<u>(203 609)</u>	<u>(203 609)</u>
Profit before taxation	70 198	67 970	92 861	92 861
Taxation	<u>(19 027)</u>	<u>(18 732)</u>	<u>(23 209)</u>	<u>(23 209)</u>
Net profit for the financial period	<u>51 171</u>	<u>49 238</u>	<u>69 652</u>	<u>69 652</u>
Basic earnings per share (sen)	<u>41</u>	<u>41</u>	<u>59</u>	<u>59</u>

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AXA AFFIN GENERAL INSURANCE BERHAD

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**UNAUDITED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE 6-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2017**

	30.06.2017		30.06.2016	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Net profit for the financial period	51 171	49 238	69 652	69 652
Other comprehensive income				
<u>Items that may be subsequently reclassified to the statement of income:</u>				
Available-for-sale reserve:				
Net gain arising during the period	12 966	12 966	14 574	14 574
Net realised gain transferred to income statement	(2 714)	(724)	(9 762)	(9 762)
Tax effect thereon	(2 466)	(2 973)	(1 155)	(1 155)
	<u>7 786</u>	<u>9 269</u>	<u>3 657</u>	<u>3 657</u>
Total comprehensive income for the financial period	<u>58 957</u>	<u>58 507</u>	<u>73 309</u>	<u>73 309</u>

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

AXA AFFIN GENERAL INSURANCE BERHAD

(Company No. 23820-W)

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**UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY
FOR THE 6-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2017**

GROUP	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 2017	119 048	71 597	13 664	4 801	8 803	717 143	935 056
Total comprehensive income for the financial period	-	-	-	-	7 786	51 171	58 957
At 30 June 2017	<u>119 048</u>	<u>71 597</u>	<u>13 664</u>	<u>4 801</u>	<u>16 589</u>	<u>768 314</u>	<u>994 013</u>
At 1 January 2016	119 048	71 597	13 617	3 620	14 103	584 446	806 431
Total comprehensive income for the financial period	-	-	-	-	3 657	69 652	73 309
At 30 June 2016	<u>119 048</u>	<u>71 597</u>	<u>13 617</u>	<u>3 620</u>	<u>17 760</u>	<u>654 098</u>	<u>879 740</u>

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AXA AFFIN GENERAL INSURANCE BERHAD

(Company No. 23820-W)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY
FOR THE 6-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2017 (CONTINUED)**

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 2017	119 048	71 597	13 664	4 801	7 320	719 076	935 506
Total comprehensive income for the financial period	-	-	-	-	9 269	49 238	58 507
At 30 June 2017	<u>119 048</u>	<u>71 597</u>	<u>13 664</u>	<u>4 801</u>	<u>16 589</u>	<u>768 314</u>	<u>994 013</u>
At 1 January 2016	119 048	71 597	13 617	3 620	14 103	584 446	806 431
Total comprehensive income for the financial period	-	-	-	-	3 657	69 652	73 309
At 30 June 2016	<u>119 048</u>	<u>71 597</u>	<u>13 617</u>	<u>3 620</u>	<u>17 760</u>	<u>654 098</u>	<u>879 740</u>

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AXA AFFIN GENERAL INSURANCE BERHAD

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**UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE 6-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2017**

	30.06.2017		30.06.2016	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Operating Activities				
Net profit for the financial year	51 171	49 238	69 652	69 652
Investment income	(43 413)	(43 070)	(42 938)	(42 938)
Finance costs	7 632	7 632	7 044	7 044
Realised gains and losses	(2 748)	(758)	(9 763)	(9 763)
Taxation	19 027	18 732	23 209	23 209
Purchase of AFS financial assets	(1 023 195)	(1 023 195)	(177 276)	(177 276)
Proceeds from maturity of AFS financial assets	57 214	55 224	25 155	25 155
Proceeds from disposal of AFS financial assets	408 500	815 324	50 000	50 000
Non-cash items:				
Depreciation of property, plant and equipment	2 656	2 656	1 250	1 250
Amortisation of intangible asset - software	1 082	1 082	489	489
Realised foreign exchange gain	2 857	2 857	-	-
Allowance during the financial period	127	127	(10 948)	(10 948)
Changes in working capital:				
Increase in loans and receivables	318 616	(86 339)	(96 942)	(96 942)
Increase in reinsurance assets	(27 812)	(27 812)	(12 711)	(12 711)
Increase in insurance receivables	(49 839)	(49 839)	(31 331)	(31 331)
Increase in other receivables	(5 115)	(5 115)	(17 985)	(17 985)
Increase in insurance contract liabilities	63 156	63 156	148 335	148 335
Increase in insurance payables	10 421	10 421	61 245	61 245
Decrease/(increase) in other payables	24 449	24 600	(11 421)	(11 421)
Cash generated from operating activities	(185 214)	(185 079)	(24 936)	(24 936)
Dividend income received	4 971	4 971	966	966
Interest income received	36 448	36 361	38 445	38 445
Interest paid on borrowings	(5 744)	(5 744)	(7 305)	(7 305)
Income tax paid	(22 868)	(22 868)	(16 315)	(16 315)
Net cash outflows from operating activities	(172 407)	(172 359)	(9 145)	(9 145)

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**UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE 6-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2017 (CONTINUED)**

	30.06.2017		30.06.2016	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Investing Activities				
Proceeds from disposals of property, plant and equipment	45	45	-	-
Purchase of property, plant and equipment	(3 317)	(3 317)	(1 113)	(1 113)
Purchase of intangible asset - software	(4 371)	(4 371)	(35)	(35)
Net cash outflows from investing activities	<u>(7 643)</u>	<u>(7 643)</u>	<u>(1 148)</u>	<u>(1 148)</u>
Financing Activities				
Proceeds from drawdown of borrowing	<u>130 000</u>	<u>130 000</u>	<u>-</u>	<u>-</u>
Net cash (outflows)/inflows from financing activities	<u>130 000</u>	<u>130 000</u>	<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents	(50 050)	(50 002)	(10 293)	(10 293)
Cash and cash equivalents at the beginning of the financial year	<u>81 423</u>	<u>81 375</u>	<u>14 166</u>	<u>14 166</u>
Cash and cash equivalents at the end of the financial period	<u><u>31 373</u></u>	<u><u>31 373</u></u>	<u><u>3 873</u></u>	<u><u>3 873</u></u>
Cash and cash equivalents comprise:				
Cash and bank balances	<u><u>31 373</u></u>	<u><u>31 373</u></u>	<u><u>3 873</u></u>	<u><u>3 873</u></u>

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

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2017

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 2016.

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 2016, except for the adoption of the following:

Amendments to MFRSs	Effective date
Amendments to MFRS 107 Statement of Cash Flows - Disclosure Initiative	1 January 2017
Amendments to MFRS 12 Disclosure of Interests in Other Entities (Annual Improvements to MFRSs 2014-2016 Cycle)	1 January 2017
Amendments to MFRS 112 Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017

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

2. Comments on seasonality or cyclicity

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

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2017 (CONTINUED)

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 2017.

4. Changes in estimates

There were no material changes in the basis used for accounting estimates for the current interim period ended 30 June 2017.

5 Issues, repurchases and repayments of debt and equity securities

On 28 March 2017, with the approval from BNM, the Company received RM130 million subordinated loan from AXA S.A. and Affin Holdings Berhad for the Company's working capital purposes.

This subordinated loan has a tenor of not exceeding 10 years from the drawdown date of 28 March 2017. Interest on the subordinated loan is at the rate of 6.5% and payable every 3 months.

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 2017.

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.

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2017 (CONTINUED)

8 Effect of changes in the composition of the Company

On 30 January 2017, the Company disposed of all units held in a unit trust fund, namely, Affin Hwang AllMAN Wholesale Fund III. There were no other changes in the composition of the Company during the period under review.

9 Changes in contingent liabilities or contingent assets

As reported in the Company's audited financial statements for the financial year ended 31 December 2016, Malaysia Competition Commission ("MyCC") had, on 22 February 2017, issued a proposed decision to all 22 member companies of PIAM (Malaysian General Insurance Association), proposing to impose collective penalty of RM213 million due to alleged breach of Competition Act 2010. All members had submitted written representations to MyCC in April 2017 and the conduct for oral representations are expected to take place in October 2017 before any final decision by MyCC is made.

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

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2017 (CONTINUED)**10 OTHER INVESTMENTS**

	30.06.2017		31.12.2016	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
AFS financial assets	1 678 009	1 678 009	1 107 468	1 512 302
LAR	906 460	906 460	1 226 289	821 334
	2 584 469	2 584 469	2 333 757	2 333 636
(a) AFS financial assets:				
<u>At fair value</u>				
Malaysian Government Securities				
- unquoted in Malaysia	510 707	510 707	517 302	517 302
Corporate debt securities				
- unquoted in Malaysia	676 703	676 703	556 503	556 503
REITs/unit trusts				
- quoted in Malaysia	886	886	1 002	1 002
Equity securities				
- quoted in Malaysia	37 777	37 777	32 411	32 411
- unquoted in Malaysia	250	250	250	250
Wholesale unit trust fund	451 686	451 686	-	404 834
	1 678 009	1 678 009	1 107 468	1 512 302
Maturing within 12 months	120 138	120 138	146 525	146 525
Maturing after 12 months	1 067 272	1 067 272	927 280	927 280
	1 187 410	1 187 410	1 073 805	1 073 805
(b) LAR				
<u>At amortised cost</u>				
Loans	634	634	997	997
Fixed and call deposits	905 826	905 826	1 225 292	820 337
	906 460	906 460	1 226 289	821 334
Loans maturing within 12 months	278	278	682	682
Loans maturing after 12 months	356	356	315	315
	634	634	997	997

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2017 (CONTINUED)**10 OTHER INVESTMENTS (CONTINUED)****(c) Carrying value of financial instruments**

	AFS	LAR	Total
	RM'000	RM'000	RM'000
Group			
At 1 January 2016	1 215 855	850 798	2 066 653
Purchases	128 501	3 002 006	3 130 507
Maturities	(190 000)	(2 626 413)	(2 816 413)
Disposals	(36 330)	-	(36 330)
Net gain recorded in other comprehensive income	3 359	-	3 359
Net realised gain on foreign exchange	-	4 115	4 115
Net realised gain transferred to income statement	(10 380)	-	(10 380)
Movement in impairment allowance	(928)	-	(928)
Amortisation adjustment	(1 588)	-	(1 588)
Movement in interest income accrued	(1 021)	(4 217)	(5 238)
At 31 December 2016/1 January 2017	<u>1 107 468</u>	<u>1 226 289</u>	<u>2 333 757</u>
Purchases	1 023 195	1 621 842	2 645 037
Maturities	(54 500)	(1 940 458)	(1 994 958)
Disposals	(408 500)	-	(408 500)
Net gain recorded in other comprehensive income	12 966	-	12 966
Net realised gain on foreign exchange	-	(2 857)	(2 857)
Net realised gain transferred to income statement	(2 714)	-	(2 714)
Amortisation adjustment	(642)	-	(642)
Movement in interest income accrued	736	1 644	2 380
At 30 June 2017	<u><u>1 678 009</u></u>	<u><u>906 460</u></u>	<u><u>2 584 469</u></u>

AXA AFFIN GENERAL INSURANCE BERHAD

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2017 (CONTINUED)**10 OTHER INVESTMENTS (CONTINUED)****(c) Carrying value of financial instruments (continued)**

	AFS	LAR	Total
	RM'000	RM'000	RM'000
Company			
At 1 January 2016	1 215 855	850 798	2 066 653
Purchases	535 286	2 597 051	3 132 337
Maturities	(190 000)	(2 626 413)	(2 816 413)
Disposals	(36 330)	-	(36 330)
Net gain recorded in other comprehensive income	1 408	-	1 408
Net realised gain on foreign exchange	-	4 115	4 115
Net realised gain transferred to income statement	(10 380)	-	(10 380)
Movement in impairment allowance	(928)	-	(928)
Amortisation adjustment	(1 588)	-	(1 588)
Movement in interest income accrued	(1 021)	(4 217)	(5 238)
At 31 December 2016/1 January 2017	<u>1 512 302</u>	<u>821 334</u>	<u>2 333 636</u>
Purchases	1 023 195	1 621 842	2 645 037
Maturities	(54 500)	(1 535 503)	(1 590 003)
Disposals	(815 324)	-	(815 324)
Net gain recorded in other comprehensive income	12 966	-	12 966
Net realised gain on foreign exchange	-	(2 857)	(2 857)
Net realised gain transferred to income statement	(724)	-	(724)
Amortisation adjustment	(642)	-	(642)
Movement in interest income accrued	736	1 644	2 380
At 30 June 2017	<u><u>1 678 009</u></u>	<u><u>906 460</u></u>	<u><u>2 584 469</u></u>

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2017 (CONTINUED)

10 OTHER INVESTMENTS (CONTINUED)

(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:

	30.06.2017	31.12.2016
	RM'000	RM'000
GROUP		
Level 1	38 663	33 413
Level 2	1 639 096	1 073 805
Level 3	250	250
	1 678 009	1 107 468
 COMPANY		
Level 1	38 663	33 413
Level 2	1 639 096	1 478 639
Level 3	250	250
	1 678 009	1 512 302

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2017 (CONTINUED)**11 REINSURANCE ASSETS**

GROUP AND COMPANY	30.06.2017	31.12.2016
	RM'000	RM'000
Claims liabilities	205 164	183 235
Premium liabilities	60 128	54 245
	<u>265 292</u>	<u>237 480</u>

12 INSURANCE CONTRACT LIABILITIES

GROUP AND COMPANY	30.06.2017			31.12.2016		
	Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000
Provision for claims reported by policyholders	801 292	(159 013)	642 279	734 399	(131 379)	603 020
Provision for IBNR claims	409 572	(46 151)	363 421	443 378	(51 856)	391 522
Claims liabilities	<u>1 210 864</u>	<u>(205 164)</u>	<u>1 005 700</u>	<u>1 177 777</u>	<u>(183 235)</u>	<u>994 542</u>
Premium liabilities	604 743	(60 128)	544 615	574 674	(54 245)	520 429
	<u>1 815 607</u>	<u>(265 292)</u>	<u>1 550 315</u>	<u>1 752 451</u>	<u>(237 480)</u>	<u>1 514 971</u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2017 (CONTINUED)**12 INSURANCE CONTRACT LIABILITIES (CONTINUED)**

GROUP AND COMPANY	30.06.2017			31.12.2016		
	Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000
(i) Claims liabilities						
At 1 January	1 177 777	(183 235)	994 542	1 018 775	(152 570)	866 205
Claims incurred in the current accident year before provision of risk margin for adverse deviation ("PRAD") and claims handling expenses ("CHE")	446 958	(62 718)	384 240	868 163	(108 197)	759 966
Movements in claims incurred in prior accident years before PRAD and CHE	(18 483)	1 488	(16 995)	(32 894)	12 523	(20 371)
Movement in PRAD of claims liabilities at 75% confidence level	3 277	(2 073)	1 204	14 538	(3 946)	10 592
Movement in claims handling expenses	(183)	-	(183)	(597)	-	(597)
Claims paid during the financial period/year	(398 482)	41 374	(357 108)	(690 208)	68 955	(621 253)
At 30 June/31 December	<u>1 210 864</u>	<u>(205 164)</u>	<u>1 005 700</u>	<u>1 177 777</u>	<u>(183 235)</u>	<u>994 542</u>

AXA AFFIN GENERAL INSURANCE BERHAD

(Company No. 23820-W)

(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2017 (CONTINUED)**12 INSURANCE CONTRACT LIABILITIES (CONTINUED)**

GROUP AND COMPANY	30.06.2017			31.12.2016		
	Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000
(ii) Premium liabilities						
At 1 January	574 674	(54 245)	520 429	538 790	(55 110)	483 680
Premiums written in the financial period/year	731 449	(120 509)	610 940	1 465 782	(240 377)	1 225 405
Premiums earned during the financial period/year	(701 380)	114 626	(586 754)	(1 429 898)	241 242	(1 188 656)
At 30 June/31 December	<u>604 743</u>	<u>(60 128)</u>	<u>544 615</u>	<u>574 674</u>	<u>(54 245)</u>	<u>520 429</u>

AXA AFFIN GENERAL INSURANCE BERHAD

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2017 (CONTINUED)**13 OPERATING LEASE COMMITMENTS**

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.

	30.06.2017	31.12.2016
	RM'000	RM'000
Not later than 1 year	2 963	1 244
Later than 1 year and not later than 5 years	9 027	786
	<u>11 989</u>	<u>2 030</u>

14 CAPITAL COMMITMENTS

	30.06.2017	31.12.2016
	RM'000	RM'000
Capital expenditure approved but not contracted for: Property, plant and equipment	<u>10 928</u>	<u>12 798</u>

15 CAPITAL STRUCTURE

The capital structure of the Company as at 30 June 2017, as prescribed under the RBC Framework is provided below:

	30.06.2017	31.12.2016
	RM'000	RM'000
<u>Eligible Tier 1 capital</u>		
Share capital (paid up)	119 048	119 048
Share premium	71 597	71 597
Retained earnings	768 314	719 076
	<u>958 959</u>	<u>909 721</u>
<u>Tier 2 capital</u>		
AFS reserve	16 589	7 320
Revaluation reserve	13 664	13 664
Share option reserve	4 801	4 801
Subordinated loan *	215 000	100 000
	<u>250 055</u>	<u>125 785</u>
<u>Deductions</u>		
Goodwill and intangible assets	(175 923)	(172 637)
Deferred tax assets	(4 261)	(7 234)
	<u>(180 184)</u>	<u>(179 871)</u>
Total capital available	<u>1 028 830</u>	<u>855 635</u>

* Excluded accrued interest of RM3,759,000 (2016: RM1,871,000).