

Company No.

200601003992

**AXA AFFIN LIFE INSURANCE BERHAD**  
(Incorporated in Malaysia)

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**

**FOR THE HALF-YEAR ENDED 30 JUNE 2020**

Company No.

200601003992

**AXA AFFIN LIFE INSURANCE BERHAD**  
(Incorporated in Malaysia)

**REPORTS AND FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 30 JUNE 2020**

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**AXA AFFIN LIFE INSURANCE BERHAD**  
(Incorporated in Malaysia)

**UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2020**

	Note	30.6.2020		31.12.2019	
		Group RM'000	Company RM'000	Group RM'000	Company RM'000
<b>ASSETS</b>					
Property and equipment		5,488	5,488	5,619	5,619
Right-of-use assets		3,489	3,489	3,700	3,700
Investment property		240	240	243	243
Intangible assets		105,534	105,534	105,980	105,980
Investments	8	2,151,228	2,153,085	2,073,281	2,038,540
Available-for-sale financial assets		1,318,950	1,323,169	1,363,028	1,335,240
Fair value through profit or loss financial assets		757,386	757,386	632,332	632,332
Loans and receivables		74,892	72,530	77,921	70,968
Reinsurance assets	10	15,764	15,764	24,671	24,671
Insurance receivables		20,306	20,306	10,184	10,184
Other receivables		7,169	7,169	5,396	5,396
Current tax assets		3,938	3,938	5,717	5,717
Deferred tax assets		1,311	1,311	1,324	1,324
Cash and cash equivalents		112,944	54,300	60,723	41,839
<b>TOTAL ASSETS</b>		<b>2,427,411</b>	<b>2,370,624</b>	<b>2,296,838</b>	<b>2,243,213</b>
<b>EQUITY, POLICYHOLDERS' FUNDS AND LIABILITIES</b>					
Share capital		428,000	428,000	428,000	428,000
Accumulated losses		(103,250)	(103,250)	(109,036)	(109,036)
Available-for-sale reserve		3,622	3,622	16,410	16,410
<b>TOTAL EQUITY</b>		<b>328,372</b>	<b>328,372</b>	<b>335,374</b>	<b>335,374</b>
<b>LIABILITIES</b>					
Insurance contract liabilities	11	1,795,053	1,795,053	1,674,133	1,674,133
Insurance claims liabilities		28,076	28,076	26,186	26,186
Lease liabilities		3,579	3,579	3,777	3,777
Insurance payables		34,298	34,298	38,439	38,439
Reinsurance payables		9,700	9,700	561	561
Other payables		177,312	171,546	167,047	164,743
Other financial liability		51,021	-	51,321	-
<b>TOTAL LIABILITIES</b>		<b>2,099,039</b>	<b>2,042,252</b>	<b>1,961,464</b>	<b>1,907,839</b>
<b>TOTAL EQUITY, POLICYHOLDERS' FUNDS AND LIABILITIES</b>		<b>2,427,411</b>	<b>2,370,624</b>	<b>2,296,838</b>	<b>2,243,213</b>

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

Company No.

200601003992

**AXA AFFIN LIFE INSURANCE BERHAD**  
(Incorporated in Malaysia)

**UNAUDITED CONDENSED STATEMENT OF PROFIT OR LOSS  
FOR THE HALF-YEAR ENDED 30 JUNE 2020**

	30.6.2020		30.6.2019	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Gross premiums	247,927	247,927	250,266	250,266
Premiums ceded to reinsurers	(15,532)	(15,532)	(12,815)	(12,815)
Net premiums	232,395	232,395	237,451	237,451
Reinsurance commission income	1,313	1,313	3,550	3,550
Investment income	34,702	42,845	35,122	34,977
Net realized gains	39,948	31,833	2,701	839
Net fair value gains	5,453	5,453	23,589	23,589
Other operating income	2,047	2,047	1,600	1,600
Other income	83,463	83,491	66,562	64,555
Gross benefits and claims paid	(119,994)	(119,994)	(104,965)	(104,965)
Claims ceded to reinsurers	5,539	5,539	10,321	10,321
Gross change in insurance contract liabilities	(106,662)	(106,662)	(125,910)	(125,910)
Changes in insurance contract liabilities ceded to reinsurers	(9,471)	(9,471)	(7,745)	(7,745)
Net claims	(230,588)	(230,588)	(228,299)	(228,299)
Commission and agency expenses	(23,348)	(23,348)	(24,394)	(24,394)
Management expenses	(50,406)	(48,303)	(44,881)	(44,079)
Other operating expenses	(263)	(263)	(484)	(484)
Finance cost	(84)	(84)	(105)	(105)
Other expenses	(74,101)	(71,998)	(69,864)	(69,062)
Profit before taxation	11,169	13,300	5,850	4,645
Tax expense attributable to policyholders and unitholders	(3,019)	(3,019)	(2,869)	(2,869)
Profit before taxation attributable to shareholders	8,150	10,281	2,981	1,776
Taxation	(7,514)	(7,514)	(3,921)	(3,895)
Tax expense attributable to policyholders and unitholders	3,019	3,019	21	21
Tax expense attributable to shareholders	(4,495)	(4,495)	(3,900)	(3,874)
Net profit/(loss) for the financial period	3,655	5,786	(919)	(2,098)

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 COMPREHENSIVE INCOME  
FOR THE HALF-YEAR ENDED 30 JUNE 2020**

	30.6.2020		30.6.2019	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Net profit/(loss) for the financial period attributable to:				
- Owner of the Company	5,786	5,786	(1,378)	(2,098)
- Unitholders	(2,131)	-	459	-
	3,655	5,786	(919)	(2,098)
	0.85	1.35	0.21	(0.49)
Basic profit/(loss) per share (sen)				
Net profit/(loss) for the financial period	3,655	5,786	(919)	(2,098)
Other comprehensive (loss)/income :				
<u>Items that may be subsequently reclassified to profit or loss :</u>				
Fair value changes on available-for-sale financial assets:				
Revaluation	(16,410)	(14,258)	(39,557)	(37,565)
Transfer to profit or loss upon disposal	2,596	2,596	1,193	(799)
Gross fair value changes	(13,814)	(11,662)	(38,364)	(38,364)
Deferred taxation	3,324	3,324	4,370	4,370
Net fair value changes	(10,490)	(8,338)	(33,994)	(33,994)
Change in insurance contract liabilities arising from unrealised net fair value changes (Note 11)	(4,450)	(4,450)	38,227	38,227
Other comprehensive (loss)/income for the financial period, net of tax	(14,940)	(12,788)	4,233	4,233
Total comprehensive (loss)/income for the financial period	(11,285)	(7,002)	3,314	2,135
	(11,285)	(7,002)	3,314	2,135
Total comprehensive (loss)/income attributable to:				
- Owner of the Company	(7,002)	(7,002)	2,437	2,135
- Unitholders	(4,283)	-	877	-
	(11,285)	(7,002)	3,314	2,135
	(11,285)	(7,002)	3,314	2,135

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 2020

<b>GROUP</b>	Share capital RM'000	Available-for-sale reserve RM'000	Accumulated losses RM'000	Total RM'000
At 1 January 2020	428,000	16,410	(109,036)	335,374
Net profit for the financial period	-	-	5,786	5,786
Other comprehensive loss for the financial period	-	(12,788)	-	(12,788)
At 30 June 2020	<u>428,000</u>	<u>3,622</u>	<u>(103,250)</u>	<u>328,372</u>
At 1 January 2019	398,000	11,661	(100,254)	309,407
Issuance of shares during the financial period	30,000	-	-	30,000
Net loss for the financial period	-	-	(919)	(919)
Other comprehensive income for the financial period	-	4,233	-	4,233
At 30 June 2019	<u>428,000</u>	<u>15,894</u>	<u>(101,173)</u>	<u>342,721</u>

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 CHANGES IN EQUITY  
FOR THE HALF-YEAR ENDED 30 JUNE 2020

<b>COMPANY</b>	Share capital RM'000	Available-for-sale reserve RM'000	Accumulated losses RM'000	Total RM'000
At 1 January 2020	428,000	16,410	(109,036)	335,374
Net profit for the financial period	-	-	5,786	5,786
Other comprehensive loss for the financial period	-	(12,788)	-	(12,788)
At 30 June 2020	<u>428,000</u>	<u>3,622</u>	<u>(103,250)</u>	<u>328,372</u>
At 1 January 2019	398,000	11,661	(101,092)	308,569
Issuance of shares during the financial period	30,000	-	-	30,000
Net loss for the financial period	-	-	(2,098)	(2,098)
Other comprehensive income for the financial period	-	4,233	-	4,233
At 30 June 2019	<u>428,000</u>	<u>15,894</u>	<u>(103,190)</u>	<u>340,704</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 2020

	Note	30.06.2020		30.06.2019	
		Group RM'000	Company RM'000	Group RM'000	Company RM'000
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>					
Cash flows generated from operating activities	12	47,051	49,159	74,944	75,974
Proceeds from disposal of investments		951,158	649,269	284,703	208,263
Purchase of investments		(976,685)	(724,467)	(433,351)	(345,700)
Dividend income received		17,386	15,187	10,391	8,023
Interest paid on lease liabilities		(84)	(84)	(105)	(105)
Interest income received		30,121	29,594	25,987	25,241
Income tax refund		-	-	1,334	1,334
Income tax paid		(2,398)	(2,398)	(1,934)	(1,905)
Net cash generated from/ (used in) operating activities		66,549	16,260	(38,031)	(28,875)
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>					
Purchase of property and equipment		(813)	(813)	(1,633)	(1,633)
Purchase of intangible assets		(1,748)	(1,748)	(1,248)	(1,248)
Proceeds from creation of units		27,614	-	-	-
Payment for cancellation of units		(27,000)	-	-	-
Payments for distribution		(11,143)	-	-	-
Net cash used in investing activities		(13,090)	(2,561)	(2,881)	(2,881)
<b><u>CASH FLOWS FROM FINANCING ACTIVITY</u></b>					
Issuance of shares		-	-	30,000	30,000
Repayment of lease liabilities		(1,238)	(1,238)	(1,091)	(1,091)
Net cash (used in)/generated from financing activities		(1,238)	(1,238)	28,909	28,909
Net increase/(decrease) in cash and cash equivalents		52,221	12,461	(12,003)	(2,847)
Cash and cash equivalents at 1 January		60,723	41,839	110,070	54,443
Cash and cash equivalents at 30 June		112,944	54,300	98,067	51,596



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UNAUDITED CONDENSED STATEMENT OF CASH FLOWS  
FOR THE HALF-YEAR ENDED 30 JUNE 2020 (CONTINUED)

<u>Note</u>	<u>30.06.2020</u>		<u>30.06.2019</u>	
	<u>Group</u> RM'000	<u>Company</u> RM'000	<u>Group</u> RM'000	<u>Company</u> RM'000
<u>Cash and cash equivalents</u> <u>comprised of:</u>				
Cash and bank balances	44,302	44,229	57,304	49,448
Fixed and call deposits with maturity of less than three months	68,642	10,071	40,763	2,148
	<u>112,944</u>	<u>54,300</u>	<u>98,067</u>	<u>51,596</u>

Reconciliation of liabilities arising from operating activities

	<u>30.06.2020</u>		<u>30.06.2019</u>	
	<u>Group</u> RM'000	<u>Company</u> RM'000	<u>Group</u> RM'000	<u>Company</u> RM'000
Lease liabilities				
At 31 December 2019/2018	3,777	3,777	-	-
Effect of adoption of MFRS 16	-	-	718	718
At 1 January 2020/2019	<u>3,777</u>	<u>3,777</u>	<u>718</u>	<u>718</u>
Cash flows	(1,322)	(1,322)	(1,196)	(1,196)
Interest charge	84	84	105	105
Lease additions	1,040	1,040	5,371	5,371
	<u>3,579</u>	<u>3,579</u>	<u>4,998</u>	<u>4,998</u>

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 2020**

**1 BASIS OF PREPARATION**

The condensed interim financial statements of the Group and Company for the half-year ended 30 June 2020 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 2019.

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 2019.

**2 EXCEPTIONAL ITEMS**

In the first quarter 2020, the rapid spread of the Covid-19 has been declared a pandemic. Globally, measures are being taken to contain it and these have led to a significant volatility in the financial markets and resulting in an adverse impact on the global business and economic activities.

There is an increasing likelihood that the Covid-19 and the continuous efforts could cause undesirable effects on the Malaysian economy. The Company is closely monitoring the developing situation and the potential impact of the spread of Covid-19 on its operations.

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 2020.

**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 2020.

**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 2020.

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

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.

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

8 INVESTMENTS

The financial assets are summarised by categories as follows:

		30.06.2020		31.12.2019	
		Group	Company	Group	Company
		RM'000	RM'000	RM'000	RM'000
Available-for-sale ("AFS") financial assets	(a)	1,318,950	1,323,169	1,363,028	1,335,240
Fair value through profit or loss ("FVTPL") financial assets - designated upon initial recognition	(b)	757,386	757,386	632,332	632,332
Loans and receivables ("LAR")	(c)	74,892	72,530	77,921	70,968
		<u>2,151,228</u>	<u>2,153,085</u>	<u>2,073,281</u>	<u>2,038,540</u>

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

		30.06.2020		31.12.2019	
		Group	Company	Group	Company
		RM'000	RM'000	RM'000	RM'000
Available-for-sale ("AFS") financial assets		954,760	954,760	879,125	879,125
Fair value through profit or loss ("FVTPL") financial assets - designated upon initial recognition		374,567	374,567	314,096	314,096
		<u>1,329,327</u>	<u>1,329,327</u>	<u>1,193,221</u>	<u>1,193,221</u>

(a) AFS financial assets

		Group	
		30.06.2020	31.12.2019
		RM'000	RM'000
<u>At fair value</u>			
Malaysian Government Securities		228,538	203,971
Debt securities unquoted in Malaysia		772,174	700,315
Investment-linked funds		756	19,465
Equity securities quoted in Malaysia		197,202	232,725
Unit and property trust funds quoted in Malaysia		120,280	206,552
		<u>1,318,950</u>	<u>1,363,028</u>

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

8 INVESTMENTS (CONTINUED)

(a) AFS financial assets (continued)

	<u>Company</u>	
	<u>30.06.2020</u>	<u>31.12.2019</u>
	RM'000	RM'000
<u>At fair value</u>		
Malaysian Government Securities	228,538	203,971
Debt securities unquoted in Malaysia	772,174	700,315
Equity securities quoted in Malaysia	15,876	43,764
Investment-linked funds	756	19,465
Unit and property trust funds quoted in Malaysia	305,825	367,725
	<u>1,323,169</u>	<u>1,335,240</u>

(b) FVTPL financial assets - designated upon initial recognition

	<u>Group and Company</u>	
	<u>30.06.2020</u>	<u>31.12.2019</u>
	RM'000	RM'000
<u>At fair value</u>		
Malaysian Government Securities	107,243	111,211
Equity securities quoted in Malaysia	81,010	67,421
Equity securities quoted outside Malaysia	22,456	22,387
Debt securities unquoted in Malaysia	285,875	213,516
Unit and property trust funds quoted in Malaysia	260,802	217,797
	<u>757,386</u>	<u>632,332</u>

(c) LAR

	<u>Group</u>	
	<u>30.06.2020</u>	<u>31.12.2019</u>
	RM'000	RM'000
<u>At amortised cost</u>		
Policy loans	24,647	23,885
Fixed and call deposits	47,883	47,083
Dividend receivables	242	129
Amount due from brokers	2,120	6,824
	<u>74,892</u>	<u>77,921</u>

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

8 INVESTMENTS (CONTINUED)

(c) LAR (continued)

	<u>30.06.2020</u>	<u>Company</u> <u>31.12.2019</u>
	RM'000	RM'000
<u>At amortised cost</u>		
Policy loans	24,647	23,885
Fixed and call deposits	47,883	47,083
	<u>72,530</u>	<u>70,968</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:

<b>GROUP</b>	<u>AFS</u>	<u>FVTPL</u>	<u>Total</u>
<u>30 June 2020</u>	RM'000	RM'000	RM'000
Level 1 - Quoted market price	318,238	364,268	682,506
Level 2 - Market observable inputs	1,000,712	393,118	1,393,830
	<u>1,318,950</u>	<u>757,386</u>	<u>2,076,336</u>
<u>31 December 2019</u>	<u>AFS</u>	<u>FVTPL</u>	<u>Total</u>
	RM'000	RM'000	RM'000
Level 1 - Quoted market price	458,742	307,605	766,347
Level 2 - Market observable inputs	904,286	324,727	1,229,013
	<u>1,363,028</u>	<u>632,332</u>	<u>1,995,360</u>
<b>COMPANY</b>	<u>AFS</u>	<u>FVTPL</u>	<u>Total</u>
<u>30 June 2020</u>	RM'000	RM'000	RM'000
Level 1 - Quoted market price	322,457	364,268	686,725
Level 2 - Market observable inputs	1,000,712	393,118	1,393,830
	<u>1,323,169</u>	<u>757,386</u>	<u>2,080,555</u>

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

8 INVESTMENTS (CONTINUED)

(d) Fair values of financial assets (continued)

<b>COMPANY</b>	<u>AFS</u>	<u>FVTPL</u>	<u>Total</u>
<u>31 December 2019</u>	RM'000	RM'000	RM'000
Level 1 - Quoted market price	430,954	307,605	738,559
Level 2 - Market observable inputs	904,286	324,727	1,229,013
	<u>1,335,240</u>	<u>632,332</u>	<u>1,967,572</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

During the financial period, 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>2020</u>	<u>2019</u>
Affin Hwang Wholesale Equity Fund	Invest in equity, unlisted securities warrants, units or shares in collective Investment scheme, deposits and Money market instruments	79.8%	80.0%

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

9 CONTROLLED STRUCTURED ENTITY (CONTINUED)

The Company has determined that its investment in the wholesale unit trust fund amounting to RM201,420,929 (31.12.2019: RM204,936,739) as investment in structured entity ("investee fund"). The investee fund is managed by Affin Hwang Asset Management Berhad.

The Company holds 79.8% (31.12.2019: 80.0%) 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>30.06.2020</u>	<u>31.12.2019</u>
	RM'000	RM'000
<u>At amortised cost</u>		
Financial assets at fair value through profit or loss	197,202	232,725
Cash and cash equivalents	58,644	18,884
Dividend receivables	242	129
Amount due from brokers	2,120	6,824
Payables	(5,766)	(2,304)
	<u>252,442</u>	<u>256,258</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 2020 is unaudited by PricewaterhouseCoopers PLT (LLP0014401-LCA & AF1146).

10 REINSURANCE ASSETS

<b>GROUP AND COMPANY</b>	<u>30.06.2020</u>	<u>31.12.2019</u>
	RM'000	RM'000
Reinsurance of insurance contracts:		
- Insurance contract liabilities (Note 11)	11,186	20,657
- Insurance claims liabilities	4,578	4,014
	<u>15,764</u>	<u>24,671</u>



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10 REINSURANCE ASSETS (CONTINUED)

<b>GROUP AND COMPANY</b>	<u>30.06.2020</u> RM'000	<u>31.12.2019</u> RM'000
Receivable within 12 months	6,423	6,052
Receivable after 12 months	9,341	18,619
	<u>15,764</u>	<u>24,671</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>30.06.2020</u>			<u>31.12.2019</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	1,295,757	(11,186)	1,284,571	1,244,046	(20,657)	1,223,389
Unallocated surplus	(12,375)	-	(12,375)	(19,519)	-	(19,519)
Available-for-sale reserve	55,363	-	55,363	59,813	-	59,813
Net asset value attributable to unitholders	<u>457,065</u>	<u>-</u>	<u>457,065</u>	<u>409,258</u>	<u>-</u>	<u>409,258</u>
	1,795,810	(11,186)	1,784,624	1,693,598	(20,657)	1,672,941
Less:						
Elimination of Shareholders Fund investment in investment-linked funds	<u>(757)</u>	<u>-</u>	<u>(757)</u>	<u>(19,465)</u>	<u>-</u>	<u>(19,465)</u>
	<u>1,795,053</u>	<u>(11,186)</u>	<u>1,783,867</u>	<u>1,674,133</u>	<u>(20,657)</u>	<u>1,653,476</u>
Current	504,325	(1,845)	502,480	448,884	(2,039)	446,845
Non-current	1,290,728	(9,341)	1,281,387	1,225,249	(18,618)	1,206,631
	<u>1,795,053</u>	<u>(11,186)</u>	<u>1,783,867</u>	<u>1,674,133</u>	<u>(20,657)</u>	<u>1,653,476</u>

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11 INSURANCE CONTRACT LIABILITIES (CONTINUED)

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

30.06.2020

	<u>Gross</u> RM'000	<u>Reinsurance</u> RM'000	<u>Net</u> RM'000
At 1 January 2020	1,674,133	(20,657)	1,653,476
Reserve movement for inforce policies	25,406	792	26,198
Reserve for new business	31,529	(413)	31,116
Change in discount rate	11,647	(259)	11,388
Change in other assumptions	(17,876)	9,082	(8,794)
Adjustment of asset share	2,307	-	2,307
Other changes in reserving	(1,302)	269	(1,033)
Movement in unallocated surplus	7,144	-	7,144
Movement in net asset value attributable to unitholders	47,807	-	47,807
	106,662	9,471	116,133
Elimination of fair value gains from Shareholders' fund investment in investment-linked funds	18,708	-	18,708
Available-for-sale fair value adjustment	(4,450)	-	(4,450)
At 30 June 2020	<u>1,795,053</u>	<u>(11,186)</u>	<u>1,783,867</u>

31.12.2019

	<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	59,440	1,741	61,181
Reserve for new business	51,262	(2,496)	48,766
Change in discount rate	21,026	(941)	20,085
Change in other assumptions	(18,412)	9,381	(9,031)
Adjustment of asset share	28,451	-	28,451
Other changes in reserving	(16,624)	(526)	(17,150)
Movement in unallocated surplus	(39,214)	-	(39,214)
Movement in net asset value attributable to unitholders	113,111	-	113,111
	199,040	7,159	206,199
Elimination of fair value gains from Shareholders' fund investment in investment-linked funds	(817)	-	(817)
Available-for-sale fair value adjustment	63,441	-	63,441
At 31 December 2019	<u>1,674,133</u>	<u>(20,657)</u>	<u>1,653,476</u>

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12 CASH FLOWS GENERATED FROM OPERATING ACTIVITIES

	30.06.2020		30.06.2019	
	<u>Group</u> RM'000	<u>Company</u> RM'000	<u>Group</u> RM'000	<u>Company</u> RM'000
Net (loss)/profit for the financial period	3,655	5,786	(919)	(2,098)
<u>Non-cash items:</u>				
Taxation	7,514	7,514	6,769	6,743
Investment income	(34,702)	(42,845)	(35,122)	(34,977)
Depreciation of property and equipment	944	944	597	597
Depreciation of investment property	3	3	3	3
Right-of-use assets				
- Depreciation	1,251	1,251	1,138	1,138
- Interest expenses	84	84	105	105
Amortisation of intangible assets	2,194	2,194	1,959	1,959
Gain on disposal of financial assets	(39,948)	(31,833)	(2,701)	(839)
Net fair value gain on FVTPL financial assets	(5,453)	(5,453)	(23,589)	(23,589)
Allowance for impairment on other receivables	602	602	693	693
<u>Changes in working capital:</u>				
Increase in loans	(606)	(606)	(855)	(855)
Increase in fixed and call deposits	(775)	(775)	(24,370)	(24,370)
Increase in insurance receivables	(10,122)	(10,122)	(5,293)	(5,293)
Increase in other receivables	(5,326)	(5,326)	(5,381)	(5,257)
Decrease in reinsurance assets	8,907	8,907	9,471	9,471
Increase in insurance contract liabilities	105,143	105,143	125,910	125,910
Increase/(decrease) in insurance claims liabilities	1,890	1,890	(824)	(824)
Decrease in insurance payables	(4,141)	(4,141)	(6,052)	(6,052)
Increase/(decrease) in reinsurance payables	9,139	9,139	(7,310)	(7,310)
Increase in other payables	6,798	6,803	40,715	40,819
Cash flows generated from operating activities	<u>47,051</u>	<u>49,159</u>	<u>74,944</u>	<u>75,974</u>

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13 CAPITAL COMMITMENTS

There are no capital commitments for the financial period ended 30 June 2020 and financial year ended 31 December 2019.

14 RISK MANAGEMENT FRAMEWORK

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

	<u>30.06.2020</u> RM'000	<u>31.12.2019</u> RM'000
<u>Eligible Tier 1 Capital</u>		
Share capital	428,000	428,000
Accumulated losses	(103,250)	(109,036)
Eligible contract liabilities	36,380	41,200
	<u>361,130</u>	<u>360,164</u>
<u>Tier 2 Capital</u>		
Available-for-sale	58,985	76,222
Amounts deducted from capital	(113,750)	(114,861)
	<u>306,365</u>	<u>321,525</u>

The Company has met the minimum capital requirements specified in the RBC Framework for the financial period/ years ended 30 June 2020 and 31 December 2019.

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15 **INSURANCE FUNDS**

**UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION BY FUNDS AS AT 30 JUNE 2020**

**COMPANY**

	Shareholders' fund		Life fund		Investment-linked funds		Elimination		Total	
	30.6.2020	31.12.2019	30.6.2020	31.12.2019	30.6.2020	31.12.2019	30.6.2020	31.12.2019	30.6.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>ASSETS</b>										
Property and equipment	-	-	5,488	5,619	-	-	-	-	5,488	5,619
Right-of-use assets	-	-	3,489	3,700	-	-	-	-	3,489	3,700
Investment properties	-	-	240	243	-	-	-	-	240	243
Intangible assets	99,120	99,120	6,414	6,860	-	-	-	-	105,534	105,980
Investments	200,908	229,902	1,517,609	1,432,813	435,325	395,290	(757)	(19,465)	2,153,085	2,038,540
AFS financial assets	173,373	222,986	1,149,796	1,112,254	-	-	-	-	1,323,169	1,335,240
FVTPL financial assets	-	-	322,818	256,507	435,325	395,290	(757)	(19,465)	757,386	632,332
Loans and receivables	27,535	6,916	44,995	64,052	-	-	-	-	72,530	70,968
Reinsurance assets	-	-	15,764	24,671	-	-	-	-	15,764	24,671
Insurance receivables	-	-	20,306	10,184	-	-	-	-	20,306	10,184
Current tax assets	2,610	2,609	2,131	3,282	(803)	(174)	-	-	3,938	5,717
Deferred tax assets	8,216	8,881	(6,251)	(7,217)	(654)	(340)	-	-	1,311	1,324
Other receivables	18,104	8,487	4,645	5,148	4,931	186	(20,511)	(8,425)	7,169	5,396
Cash and cash equivalents	68	4,180	33,955	22,841	20,277	14,818	-	-	54,300	41,839
<b>TOTAL ASSETS</b>	<b>329,026</b>	<b>353,179</b>	<b>1,603,790</b>	<b>1,508,144</b>	<b>459,076</b>	<b>409,780</b>	<b>(21,268)</b>	<b>(27,890)</b>	<b>2,370,624</b>	<b>2,243,213</b>

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

15 **INSURANCE FUNDS (CONTINUED)**

**UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION BY FUNDS AS AT 30 JUNE 2020 (CONTINUED)**

**COMPANY**

	Shareholders' fund		Life fund		Investment-linked funds		Elimination		Total	
	30.6.2020	31.12.2019	30.6.2020	31.12.2019	30.6.2020	31.12.2019	30.6.2020	31.12.2019	30.6.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>EQUITY, POLICYHOLDERS' FUNDS AND LIABILITIES</b>										
Share capital	428,000	428,000	-	-	-	-	-	-	428,000	428,000
Accumulated losses	(103,250)	(109,036)	-	-	-	-	-	-	(103,250)	(109,036)
Available-for-sale reserve	3,622	16,410	-	-	-	-	-	-	3,622	16,410
<b>TOTAL EQUITY</b>	<b>328,372</b>	<b>335,374</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>328,372</b>	<b>335,374</b>
<b>LIABILITIES</b>										
Insurance contract liabilities	-	-	1,338,745	1,284,341	457,065	409,257	(757)	(19,465)	1,795,053	1,674,133
Insurance claims liabilities	-	-	28,465	26,574	(389)	(388)	-	-	28,076	26,186
Lease liabilities	-	-	3,579	3,777	-	-	-	-	3,579	3,777
Insurance payables	169	96	34,129	38,343	-	-	-	-	34,298	38,439
Reinsurance payables	-	-	9,700	561	-	-	-	-	9,700	561
Other payables	485	17,709	189,172	154,548	2,400	911	(20,511)	(8,425)	171,546	164,743
<b>TOTAL LIABILITIES</b>	<b>654</b>	<b>17,805</b>	<b>1,603,790</b>	<b>1,508,144</b>	<b>459,076</b>	<b>409,780</b>	<b>(21,268)</b>	<b>(27,890)</b>	<b>2,042,252</b>	<b>1,907,839</b>
<b>TOTAL EQUITY, POLICYHOLDERS' FUNDS AND LIABILITIES</b>	<b>329,026</b>	<b>353,179</b>	<b>1,603,790</b>	<b>1,508,144</b>	<b>459,076</b>	<b>409,780</b>	<b>(21,268)</b>	<b>(27,890)</b>	<b>2,370,624</b>	<b>2,243,213</b>

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

15 **INSURANCE FUNDS (CONTINUED)**

**UNAUDITED CONDENSED STATEMENT OF PROFIT OR LOSS BY FUNDS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020**

**COMPANY**

	Shareholders' fund		Life fund		Investment-linked funds		Total	
	30.6.2020 RM'000	30.6.2019 RM'000	30.6.2020 RM'000	30.6.2019 RM'000	30.6.2020 RM'000	30.6.2019 RM'000	30.6.2020 RM'000	30.6.2019 RM'000
Gross premiums	-	-	156,793	179,789	91,134	70,477	247,927	250,266
Premiums ceded to reinsurers	-	-	(15,532)	(12,815)	-	-	(15,532)	(12,815)
Net premiums	-	-	141,261	166,974	91,134	70,477	232,395	237,451
Reinsurance commission income	-	-	1,313	3,550	-	-	1,313	3,550
Investment income	2,596	2,709	35,796	28,510	4,453	3,758	42,845	34,977
Net realised gains	11,224	364	14,201	365	6,408	110	31,833	839
Net fair value gains	-	-	1,487	9,876	3,966	13,713	5,453	23,589
Other operating income	8	3	1,673	1,434	366	163	2,047	1,600
Other revenue	13,828	3,076	54,470	43,735	15,193	17,744	83,491	64,555
Gross benefits and claims paid	-	-	(62,444)	(71,946)	(57,550)	(33,019)	(119,994)	(104,965)
Claims ceded to reinsurers	-	-	5,539	10,321	-	-	5,539	10,321
Gross change in insurance contract liabilities	-	-	(58,854)	(72,171)	(47,808)	(53,739)	(106,662)	(125,910)
Changes in insurance contract liabilities ceded to reinsurers	-	-	(9,471)	(7,745)	-	-	(9,471)	(7,745)
Net claims	-	-	(125,230)	(141,541)	(105,358)	(86,758)	(230,588)	(228,299)
Fee and commission expenses	(353)	(684)	(22,995)	(23,710)	-	-	(23,348)	(24,394)
Management expenses	(4,322)	(4,029)	(43,955)	(40,011)	(26)	(39)	(48,303)	(44,079)
Other operating expenses	-	-	(263)	(484)	-	-	(263)	(484)
Finance cost	-	-	(84)	(105)	-	-	(84)	(105)
Other expenses	(4,675)	(4,713)	(67,297)	(64,310)	(26)	(39)	(71,998)	(69,062)

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15 **INSURANCE FUNDS (CONTINUED)**

**UNAUDITED CONDENSED STATEMENT OF PROFIT OR LOSS BY FUNDS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020 (CONTINUED)**

**COMPANY**

	Shareholders' fund		Life fund		Investment-linked funds		Total	
	<u>30.06.2020</u> RM'000	<u>30.6.2019</u> RM'000	<u>30.06.2020</u> RM'000	<u>30.6.2019</u> RM'000	<u>30.06.2020</u> RM'000	<u>30.6.2019</u> RM'000	<u>30.06.2020</u> RM'000	<u>30.6.2019</u> RM'000
Profit/(Loss) before taxation	9,153	(1,637)	3,204	4,858	943	1,424	13,300	4,645
Tax expense attributable to policyholders and unitholders	-	-	(2,076)	(1,445)	(943)	(1,424)	(3,019)	(2,869)
Profit/(Loss) before taxation attributable to Shareholders	9,153	(1,637)	1,128	3,413	-	-	10,281	1,776
Taxation	(3,367)	(461)	(3,204)	(4,858)	(943)	1,424	(7,514)	(3,895)
Tax expense attributable to policyholders and unitholders	-	-	2,076	1,445	943	(1,424)	3,019	21
Tax expense attributable to Shareholders	(3,367)	(461)	(1,128)	(3,413)	-	-	(4,495)	(3,874)
Net profit/(loss) for the financial period	5,786	(2,098)	-	-	-	-	5,786	(2,098)



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15 **INSURANCE FUNDS (CONTINUED)**

**UNAUDITED CONDENSED STATEMENT OF CASH FLOWS BY FUNDS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020**

**COMPANY**

	Shareholders' Fund		Life Fund		Investment-linked Funds		Total	
	<u>30.6.2020</u> RM'000	<u>30.6.2019</u> RM'000	<u>30.6.2020</u> RM'000	<u>30.6.2019</u> RM'000	<u>30.6.2020</u> RM'000	<u>30.6.2019</u> RM'000	<u>30.6.2020</u> RM'000	<u>30.6.2019</u> RM'000
<u>Cash flows from:</u>								
Operating activities	(4,112)	(30,156)	14,913	70	5,459	1,211	16,260	(28,875)
Investing activities	-	-	(2,561)	(2,881)	-	-	(2,561)	(2,881)
Financing activities	-	30,000	(1,238)	(1,091)	-	-	(1,238)	28,909
	<u>(4,112)</u>	<u>(156)</u>	<u>11,114</u>	<u>(3,902)</u>	<u>5,459</u>	<u>1,211</u>	<u>12,461</u>	<u>(2,847)</u>
<u>Cash and cash equivalents:</u>								
Net increase/(decrease) in cash and cash equivalents	(4,112)	(156)	11,114	(3,902)	5,459	1,211	12,461	(2,847)
At beginning of the financial period	4,180	188	22,841	31,301	14,818	22,954	41,839	54,443
At end of the financial period	<u>68</u>	<u>32</u>	<u>33,955</u>	<u>27,399</u>	<u>20,277</u>	<u>24,165</u>	<u>54,300</u>	<u>51,596</u>