

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 2016 to 30 June 2016

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 STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2016

	Note	30.06.2016	31.12.2015	
		Company RM'000	Group RM'000	Company RM'000
<u>Assets</u>				
Property, plant and equipment		21,601	21,738	21,738
Intangible asset - software		320	774	774
Goodwill		165,822	165,822	165,822
Other investments	10	2,283,817	2,066,653	2,066,653
Available-for-sale financial assets		1,331,728	1,215,855	1,215,855
Loans and receivables		952,089	850,798	850,798
Reinsurance assets	11	220,391	207,680	207,680
Insurance receivables		297,229	254,950	254,950
Other receivables		105,892	87,907	87,907
Deferred tax asset		1,353	10,688	10,688
Tax recoverable		-	-	-
Cash and cash equivalents		3,873	14,166	14,166
Total assets		<u>3,100,298</u>	<u>2,830,378</u>	<u>2,830,378</u>
<u>Equity and liabilities</u>				
Share capital		119,048	119,048	119,048
Share premiums		71,597	71,597	71,597
Retained earnings		654,098	584,446	584,446
Available-for-sale reserve		17,760	14,103	14,103
Revaluation reserve		13,617	13,617	13,617
Share option reserve		3,620	3,620	3,620
Total equity		<u>879,740</u>	<u>806,431</u>	<u>806,431</u>
Insurance contract liabilities	12	1,705,900	1,557,565	1,557,565
Deferred tax liabilities		-	-	-
Borrowings		131,997	132,258	132,258
Insurance payables		280,828	219,583	219,583
Other payables		85,766	97,187	97,187
Tax payable		16,067	17,354	17,354
Total liabilities		<u>2,220,558</u>	<u>2,023,947</u>	<u>2,023,947</u>
Total equity and liabilities		<u>3,100,298</u>	<u>2,830,378</u>	<u>2,830,378</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 STATEMENTS OF INCOME
FOR THE 6- MONTH FINANCIAL PERIOD ENDED 30 JUNE 2016**

	30.06.2016	30.06.2015	
	Company RM'000	Group RM'000	Company RM'000
Operating revenue	749,374	629,931	629,931
Gross written premiums	778,534	679,121	679,121
Change in unearned premiums provision	(72,098)	(85,679)	(85,679)
Gross earned premiums	706,436	593,442	593,442
Gross written premiums ceded to reinsurers	(125,201)	(104,441)	(104,441)
Change in unearned premiums provision	4,841	5,680	5,680
Premiums ceded to reinsurers	(120,360)	(98,761)	(98,761)
Net earned premiums	586,076	494,681	494,681
Investment income	42,938	36,488	36,488
Realised gains and losses	9,763	946	946
Fair value gains and losses	-	-	-
Reinsurance commission income	25,865	22,501	22,501
Other operating revenue	165	90	90
Other revenue	78,731	60,025	60,025
Gross claims paid	(334,948)	(260,100)	(260,100)
Claims ceded to reinsurance	34,978	37,911	37,911
Gross change to contract liabilities	(76,237)	(45,054)	(45,054)
Change to contract liabilities ceded to reinsurance	7,870	(33,302)	(33,302)
Net claims incurred	(368,337)	(300,545)	(300,545)
Commission expense	(92,034)	(78,919)	(78,919)
Management expenses	(104,495)	(96,480)	(96,415)
Finance costs	(7,044)	(7,074)	(7,074)
Other operating expenses	(36)	(250)	(250)
Other expenses	(203,609)	(182,724)	(182,659)
Profit before taxation	92,861	71,438	71,502
Taxation	(23,209)	(20,460)	(20,645)
Net profit for the financial period	69,652	50,978	50,858
Basic earnings per share (sen)	58.51	42.82	42.72

**UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE 6- MONTH FINANCIAL PERIOD ENDED 30 JUNE 2016**

	30.06.2016	30.06.2015	
	Company RM'000	Group RM'000	Company RM'000
Net profit for the financial period	69,652	50,978	50,858
Other comprehensive income			
Available-for-sale reserve:			
Net gain arising during the financial period	14,574	9,292	9,292
Net realised (loss)/gain transferred to income statement	(9,762)	(944)	(944)
Tax effect thereon	(1,155)	(2,016)	(2,016)
	3,657	6,332	6,332
Total comprehensive income for the financial period	73,309	57,310	57,190

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

AXA AFFIN GENERAL INSURANCE BERHAD

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**UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE 6-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2016**

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 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	119,048	71,597	13,617	3,620	17,760	654,098	879,740
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	-	6,331	50,978	57,310
At 30 June 2015	119,048	71,597	12,193	3,367	18,877	549,660	774,742

COMPANY	Share capital RM'000	Share premiums RM'000	Non-distributable			Distributable		Total RM'000
			Revaluation reserve RM'000	Share option reserve RM'000	AFS reserve RM'000	Retained earnings RM'000		
At 1 January 2016	119,048	71,597	13,617	3,620	14,103	584,446	806,431	
Total comprehensive income for financial year	-	-	-	-	3,657	69,652	73,309	
At 30 June 2016	119,048	71,597	13,617	3,620	17,760	654,098	879,740	
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	-	6,331	50,858	57,190	
At 30 June 2015	119,048	71,597	12,193	3,367	16,510	552,314	775,029	

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 CASH FLOWS
FOR THE 6-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2016**

	30.06.2016	30.06.2015	
	Company RM'000	Group RM'000	Company RM'000
Operating Activities			
Net profit for the financial period	69,652	50,978	50,858
Investment income	(42,938)	(36,488)	(36,488)
Realised gains and losses	(9,763)	(946)	(946)
Finance costs	7,044	7,074	7,074
Fair value gains and losses	0	-	-
Taxation	23,209	20,460	20,645
Purchase of AFS financial assets	(177,276)	(101,205)	(101,205)
Proceeds from disposal of AFS financial assets	50,000	55,000	55,000
Proceeds from maturity of AFS financial assets	25,155	2,852	2,852
Share-based compensation	-	-	-
Non-cash items:			
Depreciation of property, plant and equipment	1,250	1,041	1,041
Amortisation of intangible asset - software	489	708	708
Write-back of impairment of insurance receivables	(10,948)	-	-
Changes in working capital:			
Increase in loans and receivables	(96,942)	(107,609)	(107,609)
Increase /(decrease) in reinsurance assets	(12,711)	27,622	27,622
Increase in insurance receivables	(31,331)	(82,735)	(82,735)
Increase /(decrease) in other receivables	(17,985)	2,152	2,152
Increase in insurance contract liabilities	148,335	130,733	130,733
Increase in insurance payables	61,245	11,416	11,416
(Decrease) / Increase in other payables	(11,421)	4,925	4,961
Cash generated from operating activities	(24,936)	(14,022)	(13,921)
Dividend income received	966	969	969
Interest income received	38,445	31,461	31,461
Interest paid on borrowings	(7,305)	(6,573)	(6,573)
Income tax paid	(16,315)	(12,411)	(12,411)
Net cash outflows from operating activities	(9,145)	(576)	(475)

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 CASH FLOWS**FOR THE 6-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2016 (CONTINUED)**

	30.06.2016	30.06.2015	
	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	(1,113)	(892)	(892)
Purchase of intangible asset - software	(35)	(66)	(66)
Net cash outflows from investing activities	(1,148)	(958)	(958)
Net increase in cash and cash equivalents	(10,293)	(1,534)	(1,433)
Cash and cash equivalents at the beginning of the financial year	14,166	9,149	9,022
Cash and cash equivalents at the end of the financial year	3,873	7,615	7,589
Cash and cash equivalents comprise:			
Cash and bank balances	3,873	7,615	7,589

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

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2016

1. Basis of preparation

Statement of compliance

The interim financial statements of AXA Affin General Insurance Berhad (“the Company”) are unaudited and have been prepared in accordance with MFRS 134/IAS 34, *Interim Financial Reporting*. They do not include all the information required for full annual financial statements, and should read in conjunction with the Company’s annual financial statements for the year ended 31 December 2015.

The accounting policies and presentation adopted by the Company for the interim financial statements are consistent with those adopted in the Company’s audited financial statements for the financial year ended 31 December 2015, except for the adoption of the following:

MFRSs, Interpretations and amendments

Effective date

Amendments to MFRS 7, Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)	1 January 2016
Amendments to MFRS 101, Presentation of Financial Statements – Disclosure Initiative	1 January 2016
Amendments to MFRS 116, Property, Plant and Equipment and MFRS 138, Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 119, Employee Benefits (Annual Improvements 2012-2014 Cycle)	1 January 2016
Amendments to MFRS 134, Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)	1 January 2016

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

2. Comments on seasonality or cyclicality

The business operations of the Company were not significantly affected by seasonality or cyclical factors for the current interim period ended 30 June 2016.

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 2016.

4. Changes in estimates

There were no material changes in the basis used for accounting estimates for the current interim period ended 30 June 2016.

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 2016.

6 Dividend paid

No dividend was paid during the current interim period ended 30 June 2016.

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. No consolidation on statements of financial position, statements of profit or loss, statements of changes in equity and statements of cash flow was prepared for FYE 30 June 2016 as the subsidiary, formerly known as AXA Management Services Bhd had been liquidated in 2015.

9 Changes in contingent liabilities or contingent assets

The Company does not have any contingent assets and there are no material changes in the Company’s contingent liabilities since the last annual balance sheet date.

AXA AFFIN GENERAL INSURANCE BERHAD

(Company No. 23820-W)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2016 (CONTINUED)
10 OTHER INVESTMENTS

	30.06.2016	31.12.2015	
	Company RM'000	Group RM'000	Company RM'000
Available-for-sale ("AFS") financial assets	1,331,728	1,215,855	1,215,855
Loans and receivables ("LAR")	952,089	850,798	850,798
	2,283,817	2,066,653	2,066,653
(a) AFS financial assets:			
<u>At fair value</u>			
Malaysian Government Securities			
- unquoted in Malaysia	607,998	597,830	597,830
Corporate debt securities			
- unquoted in Malaysia	584,659	555,032	555,032
Equity securities			
- quoted in Malaysia	37,819	61,922	61,922
- unquoted in Malaysia	250	250	250
REITs/unit trusts			
- quoted in Malaysia	101,002	821	821
	1,331,728	1,215,855	1,215,855
Maturing within 12 months	207,503	187,813	187,813
Maturing after 12 months	1,124,225	1,028,042	1,028,042
	1,331,728	1,215,855	1,215,855
(b) LAR			
<u>At amortised cost</u>			
Loans	523	717	717
Fixed and call deposits	951,566	850,081	850,081
	952,089	850,798	850,798
Loans maturing within 12 months	167	352	352
Loans maturing after 12 months	356	365	365
	523	717	717
(c) Carrying value of financial instruments			
	AFS RM'000	LAR RM'000	Total RM'000
Group and Company			
At 1 January 2015	1,196,874	581,576	1,778,450
Purchases	206,078	1,495,614	1,701,692
Maturities	(185,000)	(1,231,163)	(1,416,163)
Disposals	(3,440)	-	(3,440)
Net gain recorded in other comprehensive income	6,358	-	6,358
Net realised gain transferred to income statement	(1,195)	-	(1,195)
Movement in impairment allowance	(2,160)	-	(2,160)
Amortisation adjustment	(1,921)	-	(1,921)
Movement in interest income accrued	261	4,771	5,032
At 31 December 2015/1 January 2016	1,215,855	850,798	2,066,653
Purchases	177,276	1,019,482	1,196,758
Maturities	(50,000)	(922,540)	(972,540)
Disposals	(15,393)	-	(15,393)
Net gain recorded in other comprehensive income	14,574	-	14,574
Net realised gain transferred to income statement	(9,762)	-	(9,762)
Movement in impairment allowance	(0)	-	(0)
Amortisation adjustment	(853)	-	(853)
Movement in interest income accrued	31	4,349	4,380
At 30 June 2016	1,331,728	952,089	2,283,817

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2016 (CONTINUED)

11 REINSURANCE ASSETS

	30.06.2016	31.12.2015	
	Company RM'000	Group RM'000	Company RM'000
Claims liabilities	160,440	152,570	152,570
Premium liabilities	59,951	55,110	55,110
	<u>220,391</u>	<u>207,680</u>	<u>207,680</u>

12 INSURANCE CONTRACT LIABILITIES

GROUP AND COMPANY

	30.06.2016			31.12.2015		
	Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000
Provision for claims reported by policyholders	684,432	(123,092)	561,340	657,227	(117,810)	539,417
Provision for IBNR claims	410,580	(37,348)	373,232	361,548	(34,760)	326,788
Claims liabilities	1,095,012	(160,440)	934,572	1,018,775	(152,570)	866,205
Premium liabilities	610,888	(59,951)	550,937	538,790	(55,110)	483,680
	<u>1,705,900</u>	<u>(220,391)</u>	<u>1,485,509</u>	<u>1,557,565</u>	<u>(207,680)</u>	<u>1,349,885</u>

(i) Claims liabilities

GROUP AND COMPANY

	30.06.2016			31.12.2015		
	Gross RM'000	RI RM'000	Net RM'000	Gross RM'000	RI RM'000	Net RM'000
At 1 January	1,018,775	(152,570)	866,205	891,867	(184,163)	707,704
Claims incurred in the current accident year before provision of risk margin for adverse deviation ("PRAD") and claims handling expenses ("CHE")	424,408	(49,949)	374,459	733,181	(90,358)	642,823
Movement in claims incurred in prior accident years before PRAD and CHE	(19,749)	(531)	(20,280)	(44,862)	29,978	(14,884)
Movement in PRAD of claims liabilities at 75% confidence level	4,983	7,632	12,615	7,359	3,474	10,833
Movement in claims handling expenses	1,543	-	1,543	3,103	-	3,103
Claims paid during the financial year	(334,948)	34,978	(299,970)	(571,873)	88,499	(483,374)
At 30 June/31 December	<u>1,095,012</u>	<u>(160,440)</u>	<u>934,572</u>	<u>1,018,775</u>	<u>(152,570)</u>	<u>866,205</u>

(ii) Premium liabilities

GROUP AND COMPANY

At 1 January	538,790	(55,110)	483,680	455,003	(43,580)	411,423
Premiums written in the financial period	778,534	(125,201)	653,333	1,334,864	(235,367)	1,099,497
Premiums earned during the financial period	(706,436)	120,360	(586,076)	(1,251,077)	223,837	(1,027,240)
At 30 June/31 December	<u>610,888</u>	<u>(59,951)</u>	<u>550,937</u>	<u>538,790</u>	<u>(55,110)</u>	<u>483,680</u>

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2016 (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.

	30.06.2016	31.12.2015	
	Company RM'000	Group RM'000	Company RM'000
Not later than 1 year	3,320	4,419	4,419
Later than 1 year and not later than 5 years	1,316	658	658
	4,636	5,077	5,077

14 CAPITAL COMMITMENTS

	30.06.2016	31.12.2015	
	Company RM'000	Group RM'000	Company RM'000
Capital expenditure approved but not contracted for: Property, plant and equipment	10,432	12,312	12,312

15 CAPITAL STRUCTURE

The capital structure of the Company as at 30 June 2016, as prescribed under the RBC Framework is provided below:

	30.06.2016 RM'000	01.01.2016 RM'000
<u>Eligible Tier 1 capital</u>		
Share capital (paid up)	119,048	119,048
Share premium	71,597	71,597
Retained earnings	654,098	584,446
	844,743	775,091
<u>Tier 2 capital</u>		
AFS reserve	17,760	14,103
Revaluation reserve	13,617	13,617
Share option reserve	3,620	3,620
Subordinated loan	130,000	130,000
	164,998	161,340
<u>Deductions</u>		
Goodwill	(165,822)	(165,822)
Deferred tax assets	(1,353)	(10,688)
	(167,175)	(176,510)
Total capital available	842,566	759,921