

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 2014 to 30 June 2014

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 2014

	Note	30.06.2014		31.12.2013	
		Group RM'000	Company RM'000	Group RM'000	Company RM'000
Assets					
Property, plant and equipment		17,569	17,569	17,955	17,955
Intangible asset - software		2,624	2,624	3,544	3,544
Goodwill		165,822	165,822	165,822	165,822
Investment in a subsidiary		-	170,261	-	170,261
Other investments	10	1,637,270	1,637,270	1,512,844	1,512,844
Available-for-sale financial assets		1,077,354	1,077,354	815,937	815,937
Loans and receivables		559,916	559,916	696,907	696,907
Reinsurance assets	11	242,359	242,359	214,690	214,690
Insurance receivables		180,944	180,944	140,632	140,632
Other receivables		75,843	75,843	69,050	69,050
Deferred tax asset		4,040	4,040	4,477	4,477
Tax recoverable		-	-	-	-
Cash and cash equivalents		31,023	30,980	19,849	19,717
Total assets		<u>2,357,494</u>	<u>2,527,712</u>	<u>2,148,863</u>	<u>2,318,992</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		444,144	446,823	409,954	412,632
Available-for-sale reserve		17,143	14,776	15,833	13,466
Revaluation reserve		10,292	10,292	10,292	10,292
Share option reserve		3,050	3,050	3,050	3,050
Total equity		<u>665,274</u>	<u>665,586</u>	<u>629,774</u>	<u>630,085</u>
Insurance contract liabilities	12	1,293,701	1,293,701	1,128,805	1,128,805
Deferred tax liabilities		-	-	-	-
Borrowings		151,987	151,987	151,987	151,987
Insurance payables		179,020	179,020	185,937	185,937
Other payables		56,660	226,700	47,890	217,849
Tax payable		10,851	10,718	4,470	4,329
Total liabilities		<u>1,692,220</u>	<u>1,862,126</u>	<u>1,519,089</u>	<u>1,688,907</u>
Total equity and liabilities		<u>2,357,494</u>	<u>2,527,712</u>	<u>2,148,863</u>	<u>2,318,992</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 2014**

	30.06.2014		30.06.2013	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Gross written premiums	577,667	577,667	468,457	468,457
Change in unearned premiums provision	(82,325)	(82,325)	(25,141)	(25,141)
Gross earned premiums	<u>495,342</u>	<u>495,342</u>	<u>443,316</u>	<u>443,316</u>
Gross written premiums ceded to reinsurers	(99,673)	(99,673)	(106,496)	(106,496)
Change in unearned premiums provision	6,953	6,953	(21,824)	(21,824)
Premiums ceded to reinsurers	<u>(92,720)</u>	<u>(92,720)</u>	<u>(128,320)</u>	<u>(128,320)</u>
Net earned premiums	<u>402,622</u>	<u>402,622</u>	<u>314,996</u>	<u>314,996</u>
Investment income	29,514	29,514	23,005	23,005
Realised gains and losses	2,017	2,017	164	164
Fair value gains and losses				
Reinsurance commission income	19,784	19,784	19,610	19,610
Other operating revenue	72	72	-	-
Other revenue	<u>51,387</u>	<u>51,387</u>	<u>42,779</u>	<u>42,779</u>
Gross claims paid	(222,442)	(222,442)	(180,141)	(180,141)
Claims ceded to reinsurance	35,094	35,094	32,994	32,994
Gross change to contract liabilities	(82,571)	(82,571)	(69,977)	(69,977)
Change to contract liabilities ceded to reinsurance	20,716	20,716	13,137	13,137
Net claims incurred	<u>(249,203)</u>	<u>(249,203)</u>	<u>(203,987)</u>	<u>(203,987)</u>
Commission expense	(69,413)	(69,413)	(58,577)	(58,577)
Management expenses	(79,492)	(79,492)	(64,994)	(64,980)
Finance costs	(5,984)	(5,984)	(5,984)	(5,984)
Other operating expenses	(250)	(250)	(368)	(368)
Other expenses	<u>(155,139)</u>	<u>(155,139)</u>	<u>(129,923)</u>	<u>(129,909)</u>
Profit before taxation	49,667	49,667	23,865	23,879
Taxation	<u>(15,476)</u>	<u>(15,476)</u>	<u>(5,970)</u>	<u>(5,970)</u>
Net profit for the financial period	<u>34,191</u>	<u>34,191</u>	<u>17,895</u>	<u>17,909</u>
Basic earnings per share (sen)	28.72	28.72	15.03	15.04

**UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE 6-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2014**

	30.06.2014		30.06.2013	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Net profit for the financial period	34,191	34,191	17,895	17,909
Other comprehensive income				
Available-for-sale reserve:				
Net gain/(loss) arising during the financial period	(315)	(315)	2,854	2,854
Net realised gain transferred to income statement	2,061	2,061	162	162
Tax effect thereon	(437)	(437)	(754)	(754)
	<u>1,310</u>	<u>1,310</u>	<u>2,262</u>	<u>2,262</u>
Total comprehensive income for the financial period	35,501	35,501	20,157	20,171

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 2014**

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 2014	119,048	71,597	10,292	3,050	15,833	409,954	629,774
Total comprehensive income for the financial period	-	-	-	-	1,310	34,190	35,500
At 30 June 2014	119,048	71,597	10,292	3,050	17,143	444,144	665,274
At 1 January 2013	119,048	71,597	9,342	2,271	14,015	341,058	557,331
Total comprehensive income for the financial period	-	-	-	-	2,262	17,895	20,157
At 30 June 2013	119,048	71,597	9,342	2,271	16,277	358,953	577,488

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 2014	119,048	71,597	10,292	3,050	13,466	412,632	630,085
Total comprehensive income for financial year	-	-	-	-	1,310	34,191	35,501
At 30 June 2014	119,048	71,597	10,292	3,050	14,776	446,823	665,586
At 1 January 2013	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 2013	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)

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**UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE 6-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2014**

	30.06.2014		30.06.2013	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Operating Activities				
Net profit for the financial period	34,191	34,191	17,895	17,909
Investment income	(29,514)	(29,514)	(23,005)	(23,005)
Realised gains and losses	(2,017)	(2,017)	(164)	(164)
Finance costs	5,984	5,984	5,984	5,984
Fair value gains and losses	-	-	-	-
Taxation	15,476	15,476	5,970	5,970
Purchase of AFS financial assets	(383,841)	(383,841)	(26,697)	(26,697)
Proceeds from disposal of AFS financial assets	5,000	5,000	587	587
Proceeds from maturity of AFS financial assets	123,000	123,000	36,000	36,000
Share-based compensation	-	-	-	-
Non-cash items:				
Depreciation of property, plant and equipment	862	862	893	893
Amortisation of intangible asset - software	1,034	1,034	1,213	1,213
Allowance for/(write-back of) impairment of insurance receivables	(542)	(542)	-	-
Changes in working capital:				
Decrease/(increase) in loans and receivables	136,431	136,431	(105,028)	(105,028)
(Increase)/decrease in reinsurance assets	(27,669)	(27,669)	8,687	8,687
(Increase) in insurance receivables	(39,770)	(39,770)	(21,995)	(21,995)
(Increase)/decrease in other receivables	(6,793)	(6,793)	3,957	3,957
Decrease in insurance contract liabilities	164,896	164,896	95,119	95,119
(Decrease)/increase in insurance payables	(6,917)	(6,917)	1,993	1,993
Increase/(decrease) in other payables	8,771	8,851	(411)	(579)
Cash used in operating activities	(1,418)	(1,338)	998	844
Dividend income received	660	660	571	571
Interest income received	27,644	27,644	24,683	24,683
Interest paid on borrowings	(5,984)	(5,984)	(5,984)	(5,984)
Income tax paid	(9,095)	(9,086)	(11,740)	(11,671)
Net cash inflows from operating activities	11,807	11,896	8,528	8,443

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 STATEMENTS OF CASH FLOWS**FOR 6-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2014 (CONTINUED)**

	30.06.2014		30.06.2013	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Investing Activities				
Proceeds from disposals of property, plant and equipment	-	-	2	2
Purchase of property, plant and equipment	(520)	(520)	(1,098)	(1,098)
Purchase of intangible asset - software	(113)	(113)	27	27
Net cash outflows from investing activities	<u>(633)</u>	<u>(633)</u>	<u>(1,069)</u>	<u>(1,069)</u>
Financing Activities				
Dividends paid to shareholders	-	-	-	-
Net cash (outflows)/inflows from financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents	11,174	11,263	7,459	7,375
Cash and cash equivalents at the beginning of the financial year	<u>19,849</u>	<u>19,717</u>	<u>21,507</u>	<u>21,476</u>
Cash and cash equivalents at the end of the financial year	<u>31,023</u>	<u>30,980</u>	<u>28,966</u>	<u>28,851</u>
Cash and cash equivalents comprise:				
Cash and bank balances	<u>31,023</u>	<u>30,980</u>	<u>28,965</u>	<u>28,850</u>

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

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2014

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 2013.

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 2014.

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 2014.

4. Changes in estimates

There were no material changes in the basis used for accounting estimates for the current interim period ended 30 June 2014.

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 2014.

6. Dividend paid

No dividend was paid during the current interim period ended 30 June 2014.

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)

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NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2014 (CONTINUED)
10 OTHER INVESTMENTS

	30.06.2014		31.12.2013	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Available-for-sale ("AFS") financial assets	1,077,354	1,077,354	815,937	815,937
Loans and receivables ("LAR")	559,916	559,916	696,907	696,907
	<u>1,637,270</u>	<u>1,637,270</u>	<u>1,512,844</u>	<u>1,512,844</u>
(a) AFS financial assets:				
<u>At fair value</u>				
Malaysian Government Securities				
- unquoted in Malaysia	701,164	701,164	504,956	504,956
Corporate debt securities				
- unquoted in Malaysia	326,165	326,165	270,863	270,863
Equity securities				
- quoted in Malaysia	49,525	49,525	39,644	39,644
- unquoted in Malaysia	250	250	250	250
REITs/unit trusts				
- quoted in Malaysia	250	250	224	224
	<u>1,077,354</u>	<u>1,077,354</u>	<u>815,937</u>	<u>815,937</u>
Maturing within 12 months	128,584	128,584	143,527	143,527
Maturing after 12 months	948,770	948,770	672,410	672,410
	<u>1,077,354</u>	<u>1,077,354</u>	<u>815,937</u>	<u>815,937</u>
(b) LAR				
<u>At amortised cost</u>				
Loans	643	643	870	870
Fixed and call deposits	559,273	559,273	696,037	696,037
	<u>559,916</u>	<u>559,916</u>	<u>696,907</u>	<u>696,907</u>
Loans maturing within 12 months	105	105	482	482
Loans maturing after 12 months	538	538	388	388
	<u>643</u>	<u>643</u>	<u>870</u>	<u>870</u>
(c) Carrying value of financial instruments				
	AFS RM'000	LAR RM'000	Total RM'000	
Group and Company				
At 1 January 2013	736,010	544,871	1,280,881	
Purchases	134,918	2,337,903	2,472,821	
Maturities	(53,000)	(2,186,750)	(2,239,750)	
Disposals	(963)	-	(963)	
Net gain recorded in other comprehensive income	2,717	-	2,717	
Net realised gain transferred to income statement	(292)	-	(292)	
Movement in impairment allowance	(298)	-	(298)	
Amortisation adjustment	(4,335)	-	(4,335)	
Movement in interest income accrued	1,180	883	2,063	
At 31 December 2013	815,937	696,907	1,512,844	
Purchases	383,841	524,713	908,554	
Maturities	(123,000)	(661,145)	(784,145)	
Disposals	(2,939)	-	(2,939)	
Net gain recorded in other comprehensive income	(315)	-	(315)	
Net realised gain transferred to income statement	2,061	-	2,061	
Movement in impairment allowance	-	-	104	
Amortisation adjustment	(1,788)	-	(1,788)	
Movement in interest income accrued	3,557	(559)	2,998	
At 30 June 2014	<u>1,077,354</u>	<u>559,916</u>	<u>1,637,270</u>	

AXA AFFIN GENERAL INSURANCE BERHAD

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NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2014 (CONTINUED)

11 REINSURANCE ASSETS

	30.06.2014		31.12.2013	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Claims liabilities	195,912	195,912	175,196	175,196
Premium liabilities	46,447	46,447	39,494	39,494
	<u>242,359</u>	<u>242,359</u>	<u>214,690</u>	<u>214,690</u>

12 INSURANCE CONTRACT LIABILITIES

GROUP AND COMPANY

	30.06.2014			31.12.2013		
	Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000
Provision for claims reported by policyholders	537,243	(139,618)	397,625	511,724	(137,213)	374,511
Provision for IBNR claims	306,229	(56,294)	249,935	249,177	(37,983)	211,194
Claims liabilities	843,472	(195,912)	647,560	760,901	(175,196)	585,705
Premium liabilities	450,229	(46,447)	403,782	367,904	(39,494)	328,410
	<u>1,293,701</u>	<u>(242,359)</u>	<u>1,051,342</u>	<u>1,128,805</u>	<u>(214,690)</u>	<u>914,115</u>

(i) Claims liabilities

GROUP AND COMPANY

	30.06.2014			31.12.2013		
	Gross RM'000	RI RM'000	Net RM'000	Gross RM'000	RI RM'000	Net RM'000
At 1 January	760,901	(175,196)	585,705	616,919	(146,448)	470,471
Claims incurred in the current accident year before provision of risk margin for adverse deviation ("PRAD") and claims handling expenses ("CHE")	291,115	(46,418)	244,697	538,754	(106,578)	432,176
Movement in claims incurred in prior accident years before PRAD and CHE	7,542	(7,779)	(237)	(25,478)	12,754	(12,724)
Movement in PRAD of claims liabilities at 75% confidence level	5,236	(1,613)	3,623	9,013	(2,135)	6,878
Movement in claims handling expenses	1,120	-	1,120	1,732	-	1,732
Claims paid during the financial year	(222,442)	35,094	(187,348)	(380,039)	67,211	(312,828)
At 30 June/31 December	<u>843,472</u>	<u>(195,912)</u>	<u>647,560</u>	<u>760,901</u>	<u>(175,196)</u>	<u>585,705</u>

(ii) Premium liabilities

GROUP AND COMPANY

At 1 January	367,904	(39,494)	328,410	324,670	(59,846)	264,824
Premiums written in the financial period	577,667	(99,673)	477,994	963,233	(220,444)	742,789
Premiums earned during the financial period	(495,342)	92,720	(402,622)	(919,999)	240,796	(679,203)
At 30 June/31 December	<u>450,229</u>	<u>(46,447)</u>	<u>403,782</u>	<u>367,904</u>	<u>(39,494)</u>	<u>328,410</u>

AXA AFFIN GENERAL INSURANCE BERHAD

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NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2014 (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 bra operations. These leases have remaining non-cancellable lease terms not later than 5 years.

	30.06.2014		31.12.2013	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Not later than 1 year	4,619	4,619	4,541	4,541
Later than 1 year and not later than 5 years	6,033	6,033	7,921	7,921
	<u>10,652</u>	<u>10,652</u>	<u>12,462</u>	<u>12,462</u>

14 CAPITAL COMMITMENTS

	30.06.2014		31.12.2013	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Capital expenditure approved and contracted for: Property, plant and equipment	<u>6,789</u>	<u>6,789</u>	<u>5,102</u>	<u>5,102</u>

15 CAPITAL STRUCTURE

The capital structure of the Company as at 30 June 2014, as prescribed under the RBC Framework is provided below:

	30.06.2014 RM'000	31.12.2013 RM'000
<u>Eligible Tier 1 capital</u>		
Share capital (paid up)	119,048	119,048
Share premium	71,597	71,597
Retained earnings	446,823	412,632
	<u>637,468</u>	<u>603,277</u>
<u>Tier 2 capital</u>		
AFS reserve	14,776	13,466
Revaluation reserve	10,292	10,292
Share option reserve	3,050	3,050
Subordinated loan	150,000	150,000
	<u>178,118</u>	<u>176,808</u>
<u>Deductions</u>		
Goodwill	(165,822)	(165,822)
Deferred tax assets	(4,040)	(4,477)
	<u>(169,862)</u>	<u>(170,299)</u>

AXA AFFIN GENERAL INSURANCE BERHAD

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STATEMENT BY CHIEF FINANCIAL OFFICER

I, Sylvain Ducros, the officer primarily responsible for the financial management of AXA Affin General Insurance Berhad, do hereby state that, the unaudited interim financial statements for the six-month financial period ended 30 June 2014, as set out on pages 1 to 9 are drawn up so as to show a true and fair view of the financial position of the Group and Company as at 30 June 2014 and of the financial performance of the Group and Company for the period ended on that date, in accordance with the Malaysian Financial Reporting Standards, being the MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities, the provisions of the Companies Act, 1965 and the Insurance Act, 1996.



SYLVAIN DUCROS
CHIEF FINANCIAL OFFICER

25 August 2014