

Registration No.

200601003992 (723739-W)

AXA AFFIN LIFE INSURANCE BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 30 JUNE 2021

Registration No.

200601003992 (723739-W)

AXA AFFIN LIFE INSURANCE BERHAD
(Incorporated in Malaysia)

**REPORTS AND FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2021**

CONTENTS	PAGE
Unaudited condensed statement of financial position	1
Unaudited condensed statement of profit or loss	2
Unaudited condensed statement of comprehensive income	3
Unaudited condensed statement of changes in equity	4-5
Unaudited condensed statement of cash flows	6-7
Notes to the unaudited condensed financial statements	8 - 23

AXA AFFIN LIFE INSURANCE BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	Note	30.6.2021		31.12.2020	
		Group RM'000	Company RM'000	Group RM'000	Company RM'000
ASSETS					
Property and equipment		6,588	6,588	6,459	6,459
Right-of-use assets		2,011	2,011	2,434	2,434
Investment property		234	234	237	237
Intangible assets		105,872	105,872	105,612	105,612
Investments	8	2,435,158	2,418,287	2,407,763	2,372,470
Available-for-sale financial assets		1,413,855	1,401,825	1,437,782	1,403,030
Fair value through profit or loss financial assets		864,273	864,273	838,194	838,194
Loans and receivables		157,030	152,189	131,787	131,246
Reinsurance assets	10	14,424	14,424	16,067	16,067
Insurance receivables		17,331	17,331	13,039	13,039
Other receivables		29,446	29,446	6,549	6,549
Current tax assets		4	4	2,028	2,028
Cash and cash equivalents		77,639	62,408	105,388	66,950
TOTAL ASSETS		2,688,707	2,656,605	2,665,576	2,591,845
EQUITY, POLICYHOLDERS' FUNDS AND LIABILITIES					
Share capital		458,000	458,000	458,000	458,000
Accumulated losses		(113,742)	(113,742)	(108,283)	(108,283)
Available-for-sale reserve		3,374	3,374	8,086	8,086
TOTAL EQUITY		347,632	347,632	357,803	357,803
LIABILITIES					
Insurance contract liabilities	11	2,031,659	2,031,659	1,977,718	1,977,718
Insurance claims liabilities		34,018	34,018	32,359	32,359
Lease liabilities		2,075	2,075	2,521	2,521
Deferred tax liabilities		1,464	1,464	3,869	3,869
Insurance payables		32,287	32,287	32,023	32,023
Reinsurance payables		9,414	9,414	9,216	9,216
Other payables		198,177	198,056	184,567	176,336
Other financial liability		31,981	-	65,500	-
TOTAL LIABILITIES		2,341,075	2,308,973	2,307,773	2,234,042
TOTAL EQUITY, POLICYHOLDERS' FUNDS AND LIABILITIES		2,688,707	2,656,605	2,665,576	2,591,845

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

Registration No.

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AXA AFFIN LIFE INSURANCE BERHAD
(Incorporated in Malaysia)

**UNAUDITED CONDENSED STATEMENT OF PROFIT OR LOSS
FOR THE HALF-YEAR ENDED 30 JUNE 2021**

	30.6.2021		30.6.2020	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Gross premiums	263,963	263,963	247,927	247,927
Premiums ceded to reinsurers	(16,466)	(16,466)	(15,532)	(15,532)
Net premiums	247,497	247,497	232,395	232,395
Reinsurance commission income	443	443	1,313	1,313
Investment income	40,083	59,652	34,702	42,845
Net realized gains	55,708	22,472	39,948	31,833
Other operating income	1,899	1,899	2,047	2,047
Other income	98,133	84,466	78,010	78,038
Gross benefits and claims paid	(125,348)	(125,348)	(119,994)	(119,994)
Claims ceded to reinsurers	11,429	11,429	5,539	5,539
Gross change in insurance contract liabilities	(101,339)	(101,339)	(106,662)	(106,662)
Changes in insurance contract liabilities ceded to reinsurers	(1,950)	(1,950)	(9,471)	(9,471)
Net claims	(217,208)	(217,208)	(230,588)	(230,588)
Net fair value (loss)/gain	(35,763)	(35,763)	5,453	5,453
Commission and agency expenses	(28,929)	(28,929)	(23,348)	(23,348)
Management expenses	(51,596)	(49,126)	(50,406)	(48,303)
Other operating expenses	(108)	(108)	(263)	(263)
Finance cost	(49)	(49)	(84)	(84)
Other expenses	(116,445)	(113,975)	(68,648)	(66,545)
Profit before taxation	11,977	780	11,169	13,300
Tax expense attributable to policyholders and unitholders	(1,741)	(1,741)	(3,019)	(3,019)
Profit/(Loss) before taxation attributable to shareholders	10,236	(961)	8,150	10,281
Taxation	(6,239)	(6,239)	(7,514)	(7,514)
Tax expense attributable to policyholders and unitholders	1,741	1,741	3,019	3,019
Tax expense attributable to shareholders	(4,498)	(4,498)	(4,495)	(4,495)
Net profit/(loss) for the financial period	5,738	(5,459)	3,655	5,786

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

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200601003992 (723739-W)

AXA AFFIN LIFE INSURANCE BERHAD
(Incorporated in Malaysia)

**UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 30 JUNE 2021**

	30.6.2021		30.6.2020	
	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	(5,459)	(5,459)	5,786	5,786
- Unitholders	11,197	-	(2,131)	-
	5,738	(5,459)	3,655	5,786
Basic profit/(loss) per share (sen)	1.25	(1.19)	0.85	1.35
Net profit/(loss) for the financial period	5,738	(5,459)	3,655	5,786
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	32,659	35,280	(16,410)	(14,258)
Transfer to profit or loss upon disposal	2,744	2,744	2,596	2,596
Gross fair value changes	35,403	38,024	(13,814)	(11,662)
Deferred taxation	4,662	4,662	3,324	3,324
Net fair value changes	40,065	42,686	(10,490)	(8,338)
Change in insurance contract liabilities arising from unrealised net fair value changes (Note 11)	(47,398)	(47,398)	(4,450)	(4,450)
Other comprehensive loss for the financial period, net of tax	(7,333)	(4,712)	(14,940)	(12,788)
Total comprehensive loss for the financial period	(1,595)	(10,171)	(11,285)	(7,002)
Total comprehensive (loss)/income attributable to:				
- Owner of the Company	(10,171)	(10,171)	(7,002)	(7,002)
- Unitholders	8,576	-	(4,283)	-
	(1,595)	(10,171)	(11,285)	(7,002)

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Registration No.

200601003992 (723739-W)

AXA AFFIN LIFE INSURANCE BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 30 JUNE 2021

GROUP	<u>Share capital</u> RM'000	<u>Available-for-sale reserve</u> RM'000	<u>Accumulated losses</u> RM'000	<u>Total</u> RM'000
At 1 January 2021	458,000	8,086	(108,283)	357,803
Net loss for the financial period	-	-	(5,459)	(5,459)
Other comprehensive loss for the financial period	-	(4,712)	-	(4,712)
At 30 June 2021	<u>458,000</u>	<u>3,374</u>	<u>(113,742)</u>	<u>347,632</u>
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>

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

Registration No.

200601003992 (723739-W)

AXA AFFIN LIFE INSURANCE BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 30 JUNE 2021

COMPANY	<u>Share capital</u> RM'000	<u>Available-for-sale reserve</u> RM'000	<u>Accumulated losses</u> RM'000	<u>Total</u> RM'000
At 1 January 2021	458,000	8,086	(108,283)	357,803
Net loss for the financial period	-	-	(5,459)	(5,459)
Other comprehensive loss for the financial period	-	(4,712)	-	(4,712)
At 30 June 2021	<u>458,000</u>	<u>3,374</u>	<u>(113,742)</u>	<u>347,632</u>
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>

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 2021

	Note	30.6.2021		30.6.2020	
		Group RM'000	Company RM'000	Group RM'000	Company RM'000
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>					
Cash flows generated from operating activities	12	16,138	35,470	47,051	49,159
Proceeds from disposal of investments		387,469	223,735	951,158	649,269
Purchase of investments		(432,484)	(319,293)	(976,685)	(724,467)
Dividend income received		37,405	33,065	17,386	15,187
Interest paid on lease liabilities		(49)	(49)	(84)	(84)
Interest income received		29,573	29,338	30,121	29,594
Income tax paid		(1,958)	(1,958)	(2,398)	(2,398)
Net cash generated from operating activities		36,094	308	66,549	16,260
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>					
Purchase of property and equipment		(1,065)	(1,065)	(813)	(813)
Purchase of intangible assets		(2,508)	(2,508)	(1,748)	(1,748)
Proceeds from creation of units		5,816	-	27,614	-
Payment for cancellation of units		(35,000)	-	(27,000)	-
Payments for distribution		(29,809)	-	(11,143)	-
Net cash used in investing activities		(62,566)	(3,573)	(13,090)	(2,561)
<u>CASH FLOWS FROM FINANCING ACTIVITY</u>					
Repayment of lease liabilities		(1,277)	(1,277)	(1,238)	(1,238)
Net cash used in financing activities		(1,277)	(1,277)	(1,238)	(1,238)
Net (decrease)/increase in cash and cash equivalents		(27,749)	(4,542)	52,221	12,461
Cash and cash equivalents at 1 January		105,388	66,950	60,723	41,839
Cash and cash equivalents at 30 June		77,639	62,408	112,944	54,300

Registration No.

200601003992 (723739-W)

AXA AFFIN LIFE INSURANCE BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 30 JUNE 2021 (CONTINUED)

	<u>Note</u>	<u>30.6.2021</u>		<u>30.6.2020</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		35,294	35,268	44,302	44,229
Fixed and call deposits with maturity of less than three months		42,345	27,140	68,642	10,071
		<u>77,639</u>	<u>62,408</u>	<u>112,944</u>	<u>54,300</u>

Reconciliation of liabilities arising from financing activities

	<u>30.6.2021</u> RM'000	<u>30.6.2020</u> RM'000
Lease Liability		
At 1 January	2,521	3,777
Cash flows	(1,196)	(1,322)
Interest charge	49	84
Lease additions	831	1,040
At 30 June	<u>2,075</u>	<u>3,579</u>

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Registration No.

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AXA AFFIN LIFE INSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS - 30 JUNE 2021

1 BASIS OF PREPARATION

The condensed interim financial statements of the Group and Company for the half-year ended 30 June 2021 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 2020.

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 2020.

2 EXCEPTIONAL ITEMS

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 2021.

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 2021.

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 2021.

Registration No.

200601003992 (723739-W)

AXA AFFIN LIFE INSURANCE BERHAD
(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS - 30 JUNE 2021
(CONTINUED)**

6 DIVIDEND

No dividend has been declared or paid by the Group and Company during the period under review.

7 SIGNIFICANT EVENTS

The evolving COVID-19 pandemic situation and uncertainty over the global economic outlook continued to impact the performance of the Group and Company. The Group and Company expect significant volatility in the financial markets and disruption to businesses and economic activity.

With the ongoing national vaccination programme in Malaysia, management will continue to monitor and assess the impact of the pandemic on the Group and Company's operations and financial results for the financial year.

On 22 June 2021, Affin Bank Berhad ("Affin") and Generali Asia N.V. ("Generali") agreed to form a new joint venture in Malaysia. An implementation agreement was entered on 22 June 2021 where AXA Asia and Affin have agreed to dispose of approximately 49.00% and 21.00% equity interest in AXA Affin Life Insurance Berhad ("AALI") respectively to Generali in which Generali eventually holding a 70% stake while Affin will hold the remaining 30% stake. The transactions are subject to the approvals of Bank Negara Malaysia ("BNM") and other relevant authorities/parties.

Registration No.

200601003992 (723739-W)

AXA AFFIN LIFE INSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS - 30 JUNE 2021
(CONTINUED)

8 INVESTMENTS

The financial assets are summarised by categories as follows:

		30.6.2021		31.12.2020	
		Group RM'000	Company RM'000	Group RM'000	Company RM'000
Available-for-sale ("AFS") financial assets	(a)	1,413,855	1,401,825	1,437,782	1,403,030
Fair value through profit or loss ("FVTPL") financial assets - designated upon initial recognition	(b)	864,273	864,273	838,194	838,194
Loans and receivables ("LAR")	(c)	157,030	152,189	131,787	131,246
		<u>2,435,158</u>	<u>2,418,287</u>	<u>2,407,763</u>	<u>2,372,470</u>

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

	30.6.2021		31.12.2020	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Available-for-sale ("AFS") financial assets	877,382	877,382	911,209	911,209
Fair value through profit or loss ("FVTPL") financial assets - designated upon initial recognition	346,082	346,082	371,178	371,178
	<u>1,223,464</u>	<u>1,223,464</u>	<u>1,282,387</u>	<u>1,282,387</u>

(a) AFS financial assets

	Group	
	30.6.2021 RM'000	31.12.2020 RM'000
<u>At fair value</u>		
Malaysian Government Securities	190,698	200,752
Debt securities unquoted in Malaysia	706,710	746,025
Equity securities quoted in Malaysia	292,621	308,784
Unit and property trust funds quoted in Malaysia	223,826	182,221
	<u>1,413,855</u>	<u>1,437,782</u>

Registration No.

200601003992 (723739-W)

AXA AFFIN LIFE INSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS - 30 JUNE 2021
(CONTINUED)

8 INVESTMENTS (CONTINUED)

(a) AFS financial assets (continued)

	<u>Company</u>	
	<u>30.6.2021</u>	<u>31.12.2020</u>
	RM'000	RM'000
<u>At fair value</u>		
Malaysian Government Securities	190,698	200,752
Debt securities unquoted in Malaysia	706,710	746,025
Equity securities quoted in Malaysia	37,389	36,495
Unit and property trust funds quoted in Malaysia	467,028	419,758
	<u>1,401,825</u>	<u>1,403,030</u>

(b) FVTPL financial assets - designated upon initial recognition

	<u>Group and Company</u>	
	<u>30.6.2021</u>	<u>31.12.2020</u>
	RM'000	RM'000
<u>At fair value</u>		
Malaysian Government Securities	100,954	120,906
Equity securities quoted in Malaysia	121,941	89,988
Equity securities quoted outside Malaysia	44,059	40,540
Debt securities unquoted in Malaysia	255,296	267,857
Unit and property trust funds quoted in Malaysia	342,023	318,903
	<u>864,273</u>	<u>838,194</u>

(c) LAR

	<u>Group</u>	
	<u>30.6.2021</u>	<u>31.12.2020</u>
	RM'000	RM'000
<u>At amortised cost</u>		
Policy loans	24,329	25,596
Fixed and call deposits	127,860	105,650
Dividend receivables	389	541
Amount due from brokers	4,452	-
	<u>157,030</u>	<u>131,787</u>

AXA AFFIN LIFE INSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS - 30 JUNE 2021
(CONTINUED)

8 INVESTMENTS (CONTINUED)

(c) LAR (continued)

	<u>Company</u>	
	<u>30.6.2021</u>	<u>31.12.2020</u>
	RM'000	RM'000
<u>At amortised cost</u>		
Policy loans	24,329	25,596
Fixed and call deposits	127,860	105,650
	<u>152,189</u>	<u>131,246</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:

GROUP	<u>AFS</u>	<u>FVTPL</u>	<u>Total</u>
<u>30 June 2021</u>	RM'000	RM'000	RM'000
Level 1 - Quoted market price	516,447	508,023	1,024,470
Level 2 - Market observable inputs	897,408	356,250	1,253,658
	<u>1,413,855</u>	<u>864,273</u>	<u>2,278,128</u>
<u>31 December 2020</u>	<u>AFS</u>	<u>FVTPL</u>	<u>Total</u>
	RM'000	RM'000	RM'000
Level 1 - Quoted market price	491,005	449,431	940,436
Level 2 - Market observable inputs	946,777	388,763	1,335,540
	<u>1,437,782</u>	<u>838,194</u>	<u>2,275,976</u>
COMPANY	<u>AFS</u>	<u>FVTPL</u>	<u>Total</u>
<u>30 June 2021</u>	RM'000	RM'000	RM'000
Level 1 - Quoted market price	504,417	508,023	1,012,440
Level 2 - Market observable inputs	897,408	356,250	1,253,658
	<u>1,401,825</u>	<u>864,273</u>	<u>2,266,098</u>

AXA AFFIN LIFE INSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS - 30 JUNE 2021
(CONTINUED)

8 INVESTMENTS (CONTINUED)

(d) Fair values of financial assets (continued)

COMPANY <u>31 December 2020</u>	<u>AFS</u> RM'000	<u>FVTPL</u> RM'000	<u>Total</u> RM'000
Level 1 - Quoted market price	456,253	449,431	905,684
Level 2 - Market observable inputs	946,777	388,763	1,335,540
	<u>1,403,030</u>	<u>838,194</u>	<u>2,241,224</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>2021</u>	<u>2020</u>
Affin Hwang Wholesale Equity Fund	Invest in equity, unlisted securities warrants, units or shares in collective Investment scheme, deposits and Money market instruments	89.8%	80.7%

AXA AFFIN LIFE INSURANCE BERHAD
(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS - 30 JUNE 2021
(CONTINUED)**

9 CONTROLLED STRUCTURED ENTITY (CONTINUED)

The Company has determined that its investment in the wholesale unit trust fund amounting to RM280,590,763 (31.12.2020: RM274,031,563) as investment in structured entity ("investee fund"). The investee fund is managed by Affin Hwang Asset Management Berhad.

The Company holds 89.8% (31.12.2020: 80.7%) 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>30.6.2021</u> RM'000	<u>31.12.2020</u> RM'000
Net asset value per unit	1.2226	1.2719
Financial assets at fair value through profit or loss	292,621	308,784
Cash and cash equivalents	15,231	38,438
Dividend receivables	389	541
Amount due from brokers	4,452	-
Payables	(121)	(8,231)
	<u>312,572</u>	<u>339,532</u>
Total realised gain for the financial period/year	<u>33,236</u>	<u>33,823</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 2021 is unaudited.

10 REINSURANCE ASSETS

GROUP AND COMPANY	<u>30.6.2021</u> RM'000	<u>31.12.2020</u> RM'000
Reinsurance of insurance contracts:		
- Insurance contract liabilities (Note 11)	9,935	11,885
- Insurance claims liabilities	4,489	4,182
	<u>14,424</u>	<u>16,067</u>

Registration No.

200601003992 (723739-W)

AXA AFFIN LIFE INSURANCE BERHAD
(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS - 30 JUNE 2021
(CONTINUED)**

10 REINSURANCE ASSETS (CONTINUED)

GROUP AND COMPANY	<u>30.6.2021</u> RM'000	<u>31.12.2020</u> RM'000
Receivable within 12 months	6,517	6,282
Receivable after 12 months	7,907	9,785
	<u>14,424</u>	<u>16,067</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>30.6.2021</u>			<u>31.12.2020</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	1,353,311	(9,935)	1,343,376	1,361,611	(11,885)	1,349,726
Unallocated surplus	21,868	-	21,868	(41,282)	-	(41,282)
Available-for-sale reserve	44,964	-	44,964	92,362	-	92,362
Net asset value attributable to unitholders	611,516	-	611,516	565,027	-	565,027
	<u>2,031,659</u>	<u>(9,935)</u>	<u>2,021,724</u>	<u>1,977,718</u>	<u>(11,885)</u>	<u>1,965,833</u>
Current	656,740	(2,028)	654,712	602,675	(2,100)	600,575
Non-current	1,374,919	(7,907)	1,367,012	1,375,043	(9,785)	1,365,258
	<u>2,031,659</u>	<u>(9,935)</u>	<u>2,021,724</u>	<u>1,977,718</u>	<u>(11,885)</u>	<u>1,965,833</u>

AXA AFFIN LIFE INSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS - 30 JUNE 2021
(CONTINUED)

11 INSURANCE CONTRACT LIABILITIES (CONTINUED)

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

30.6.2021

	<u>Gross</u> RM'000	<u>Reinsurance</u> RM'000	<u>Net</u> RM'000
At 1 January 2021	1,977,718	(11,885)	1,965,833
Reserve movement for inforce policies	5,337	419	5,756
Reserve for new business	54,580	(1,505)	53,075
Change in discount rate	(20,700)	304	(20,396)
Change in other assumptions	(6,556)	2,621	(3,935)
Adjustment of asset share	(23,571)	-	(23,571)
Other changes in reserving	(17,390)	111	(17,279)
Movement in unallocated surplus	63,150	-	63,150
Movement in net asset value attributable to unitholders	46,489	-	46,489
	101,339	1,950	103,289
Elimination of fair value gains from Shareholders' fund investment in investment-linked funds	-	-	-
Available-for-sale fair value adjustment	(47,398)	-	(47,398)
At 30 June 2021	<u>2,031,659</u>	<u>(9,935)</u>	<u>2,021,724</u>

31.12.2020

	<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	40,145	1,411	41,556
Reserve for new business	48,847	(1,398)	47,449
Change in discount rate	16,857	(354)	16,503
Change in other assumptions	(18,016)	9,082	(8,934)
Adjustment of asset share	32,656	-	32,656
Other changes in reserving	(2,924)	31	(2,893)
Movement in unallocated surplus	(21,763)	-	(21,763)
Movement in net asset value attributable to unitholders	155,769	-	155,769
	251,571	8,772	260,343
Elimination of fair value losses from Shareholders' fund investment in investment-linked funds	19,465	-	19,465
Available-for-sale fair value adjustment	32,549	-	32,549
At 31 December 2020	<u>1,977,718</u>	<u>(11,885)</u>	<u>1,965,833</u>

AXA AFFIN LIFE INSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS - 30 JUNE 2021
(CONTINUED)

12 CASH FLOWS GENERATED FROM OPERATING ACTIVITIES

	30.6.2021		30.6.2020	
	<u>Group</u> RM'000	<u>Company</u> RM'000	<u>Group</u> RM'000	<u>Company</u> RM'000
Net profit/(loss) for the financial period	5,738	(5,459)	3,655	5,786
<u>Non-cash items:</u>				
Taxation	6,239	6,239	7,514	7,514
Investment income	(40,083)	(59,652)	(34,702)	(42,845)
Depreciation of property and equipment	936	936	944	944
Depreciation of investment property	3	3	3	3
Right-of-use assets				
- Depreciation	1,255	1,255	1,251	1,251
- Interest expenses	49	49	84	84
Amortisation of intangible assets	2,248	2,248	2,194	2,194
Gain on disposal of financial assets	(55,708)	(22,472)	(39,948)	(31,833)
Net fair value loss/(gain) on FVTPL financial assets	35,763	35,763	(5,453)	(5,453)
Allowance for impairment on other receivables	2,010	2,010	602	602
<u>Changes in working capital:</u>				
(Increase)/decrease in loans	(7,373)	1,379	(606)	(606)
Increase in fixed and call deposits	(22,149)	(22,149)	(775)	(775)
Increase in insurance receivables	(4,292)	(4,292)	(10,122)	(10,122)
Increase in other receivables	(27,211)	(27,211)	(5,326)	(5,326)
Decrease in reinsurance assets	1,643	1,643	8,907	8,907
Increase in insurance contract liabilities	101,339	101,339	105,143	105,143
Increase in insurance claims liabilities	1,659	1,659	1,890	1,890
Increase/(decrease) in insurance payables	264	264	(4,141)	(4,141)
Increase in reinsurance payables	198	198	9,139	9,139
Increase in other payables	13,610	21,720	6,798	6,803
Cash flows generated from operating activities	16,138	35,470	47,051	49,159

Registration No.

200601003992 (723739-W)

AXA AFFIN LIFE INSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS - 30 JUNE 2021
(CONTINUED)

13 CAPITAL COMMITMENTS

There are no capital commitments for the financial period ended 30 June 2021 and financial year ended 31 December 2020.

14 RISK MANAGEMENT FRAMEWORK

The capital structure of the Company as at 30 June 2021, as prescribed under the RBC Framework, is shown below:

	<u>30.6.2021</u> RM'000	<u>31.12.2020</u> RM'000
<u>Eligible Tier 1 Capital</u>		
Share capital	458,000	458,000
Accumulated losses	(113,742)	(108,283)
Eligible contract liabilities	97,281	19,563
	<u>441,539</u>	<u>369,280</u>
<u>Tier 2 Capital</u>		
Available-for-sale	48,337	100,448
Amounts deducted from capital	(110,403)	(115,029)
	<u>379,473</u>	<u>354,699</u>

The Company has met the minimum capital requirements specified in the RBC Framework for the financial period/ years ended 30 June 2021 and 31 December 2020.

Registration No.

200601003992 (723739-W)

AXA AFFIN LIFE INSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS - 30 JUNE 2021 (CONTINUED)

15 **INSURANCE FUNDS**

UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION BY FUNDS AS AT 30 JUNE 2021

COMPANY

	Shareholders' fund		Life fund		Investment-linked funds		Elimination		Total	
	<u>30.6.2021</u>	<u>31.12.2020</u>	<u>30.6.2021</u>	<u>31.12.2020</u>	<u>30.6.2021</u>	<u>31.12.2020</u>	<u>30.6.2021</u>	<u>31.12.2020</u>	<u>30.6.2021</u>	<u>31.12.2020</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
ASSETS										
Property and equipment	-	-	6,588	6,459	-	-	-	-	6,588	6,459
Right-of-use assets	-	-	2,011	2,434	-	-	-	-	2,011	2,434
Investment properties	-	-	234	237	-	-	-	-	234	237
Intangible assets	99,120	99,120	6,752	6,492	-	-	-	-	105,872	105,612
Investments	267,802	244,276	1,557,304	1,596,395	593,181	531,799	-	-	2,418,287	2,372,470
AFS financial assets	235,006	229,843	1,166,819	1,173,187	-	-	-	-	1,401,825	1,403,030
FVTPL financial assets	-	-	271,092	306,395	593,181	531,799	-	-	864,273	838,194
Loans and receivables	32,796	14,433	119,393	116,813	-	-	-	-	152,189	131,246
Reinsurance assets	-	-	14,424	16,067	-	-	-	-	14,424	16,067
Insurance receivables	-	-	17,331	13,039	-	-	-	-	17,331	13,039
Current tax assets	908	907	2,791	3,138	(3,695)	(2,017)	-	-	4	2,028
Other receivables	1,488	4,774	3,481	5,560	4,113	3,027	20,364	(6,812)	29,446	6,549
Cash and cash equivalents	77	83	41,546	28,576	20,785	38,291	-	-	62,408	66,950
TOTAL ASSETS	369,395	349,160	1,652,462	1,678,397	614,384	571,100	20,364	(6,812)	2,656,605	2,591,845

Registration No.

200601003992 (723739-W)

AXA AFFIN LIFE INSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS - 30 JUNE 2021 (CONTINUED)

15 **INSURANCE FUNDS (CONTINUED)**

UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION BY FUNDS AS AT 30 JUNE 2021 (CONTINUED)

COMPANY

	Shareholders' fund		Life fund		Investment-linked funds		Elimination		Total	
	30.6.2021	31.12.2020	30.6.2021	31.12.2020	30.6.2021	31.12.2020	30.6.2021	31.12.2020	30.6.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
EQUITY, POLICYHOLDERS' FUNDS AND LIABILITIES										
Share capital	458,000	458,000	-	-	-	-	-	-	458,000	458,000
Accumulated losses	(113,742)	(108,283)	-	-	-	-	-	-	(113,742)	(108,283)
Available-for-sale reserve	3,374	8,086	-	-	-	-	-	-	3,374	8,086
TOTAL EQUITY	347,632	357,803	-	-	-	-	-	-	347,632	357,803
LIABILITIES										
Insurance contract liabilities	-	-	1,420,143	1,412,690	611,516	565,028	-	-	2,031,659	1,977,718
Insurance claims liabilities	-	-	34,407	32,748	(389)	(389)	-	-	34,018	32,359
Lease liabilities	-	-	2,075	2,521	-	-	-	-	2,075	2,521
Deferred tax liabilities	(4,414)	(9,418)	3,883	9,760	1,995	3,527	-	-	1,464	3,869
Insurance payables	41	85	32,246	31,938	-	-	-	-	32,287	32,023
Reinsurance payables	-	-	9,414	9,216	-	-	-	-	9,414	9,216
Other payables	26,136	690	150,294	179,524	1,262	2,934	20,364	(6,812)	198,056	176,336
TOTAL LIABILITIES	21,763	(8,643)	1,652,462	1,678,397	614,384	571,100	20,364	(6,812)	2,308,973	2,234,042
TOTAL EQUITY, POLICYHOLDERS' FUNDS AND LIABILITIES	369,395	349,160	1,652,462	1,678,397	614,384	571,100	20,364	(6,812)	2,656,605	2,591,845

Registration No.

200601003992 (723739-W)

AXA AFFIN LIFE INSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS - 30 JUNE 2021 (CONTINUED)

15 **INSURANCE FUNDS (CONTINUED)**

UNAUDITED CONDENSED STATEMENT OF PROFIT OR LOSS BY FUNDS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

COMPANY

	Shareholders' fund		Life fund		Investment-linked funds		Total	
	30.6.2021 RM'000	30.6.2020 RM'000	30.6.2021 RM'000	30.6.2020 RM'000	30.6.2021 RM'000	30.6.2020 RM'000	30.6.2021 RM'000	30.6.2020 RM'000
Gross premiums	-	-	175,402	156,793	88,561	91,134	263,963	247,927
Premiums ceded to reinsurers	-	-	(16,466)	(15,532)	-	-	(16,466)	(15,532)
Net premiums	-	-	158,936	141,261	88,561	91,134	247,497	232,395
Reinsurance commission income	-	-	443	1,313	-	-	443	1,313
Investment income	1,770	2,596	50,409	35,796	7,473	4,453	59,652	42,845
Net realised gains	-	11,224	3,171	14,201	19,301	6,408	22,472	31,833
Other operating income	2	8	1,634	1,673	263	366	1,899	2,047
Other revenue	1,772	13,828	55,657	52,983	27,037	11,227	84,466	78,038
Gross benefits and claims paid	-	-	(75,345)	(62,444)	(50,003)	(57,550)	(125,348)	(119,994)
Claims ceded to reinsurers	-	-	11,429	5,539	-	-	11,429	5,539
Gross change in insurance contract liabilities	-	-	(54,850)	(58,854)	(46,489)	(47,808)	(101,339)	(106,662)
Changes in insurance contract liabilities ceded to reinsurers	-	-	(1,950)	(9,471)	-	-	(1,950)	(9,471)
Net claims	-	-	(120,716)	(125,230)	(96,492)	(105,358)	(217,208)	(230,588)
Net fair value (loss)/gains	-	-	(16,850)	1,487	(18,913)	3,966	(35,763)	5,453
Fee and commission expenses	(773)	(353)	(28,156)	(22,995)	-	-	(28,929)	(23,348)
Management expenses	(1,274)	(4,322)	(47,804)	(43,955)	(48)	(26)	(49,126)	(48,303)
Other operating expenses	-	-	(108)	(263)	-	-	(108)	(263)
Finance cost	-	-	(49)	(84)	-	-	(49)	(84)
Other expenses	(2,047)	(4,675)	(92,967)	(65,810)	(18,961)	3,940	(113,975)	(66,545)

Registration No.

200601003992 (723739-W)

AXA AFFIN LIFE INSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS - 30 JUNE 2021 (CONTINUED)

15 **INSURANCE FUNDS (CONTINUED)**

UNAUDITED CONDENSED STATEMENT OF PROFIT OR LOSS BY FUNDS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021 (CONTINUED)

COMPANY

	Shareholders' fund		Life fund		Investment-linked funds		Total	
	<u>30.6.2021</u> RM'000	<u>30.6.2020</u> RM'000	<u>30.6.2021</u> RM'000	<u>30.6.2020</u> RM'000	<u>30.6.2021</u> RM'000	<u>30.6.2020</u> RM'000	<u>30.6.2021</u> RM'000	<u>30.6.2020</u> RM'000
Profit/(Loss) before taxation	(275)	9,153	910	3,204	145	943	780	13,300
Tax expense attributable to policyholders and unitholders	-	-	(1,596)	(2,076)	(145)	(943)	(1,741)	(3,019)
Profit/(Loss) before taxation attributable to Shareholders	(275)	9,153	(686)	1,128	-	-	(961)	10,281
Taxation	(5,184)	(3,367)	(910)	(3,204)	(145)	(943)	(6,239)	(7,514)
Tax expense attributable to policyholders and unitholders	-	-	1,596	2,076	145	943	1,741	3,019
Tax (expense)/income attributable to Shareholders	(5,184)	(3,367)	686	(1,128)	-	-	(4,498)	(4,495)
Net (loss)/profit for the financial period	(5,459)	5,786	-	-	-	-	(5,459)	5,786

Registration No.

200601003992 (723739-W)

AXA AFFIN LIFE INSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS - 30 JUNE 2021 (CONTINUED)

15 INSURANCE FUNDS (CONTINUED)

UNAUDITED CONDENSED STATEMENT OF CASH FLOWS BY FUNDS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

COMPANY

	Shareholders' Fund		Life Fund		Investment-linked Funds		Total	
	<u>30.6.2021</u> RM'000	<u>30.6.2020</u> RM'000	<u>30.6.2021</u> RM'000	<u>30.6.2020</u> RM'000	<u>30.6.2021</u> RM'000	<u>30.6.2020</u> RM'000	<u>30.6.2021</u> RM'000	<u>30.6.2020</u> RM'000
<u>Cash flows from:</u>								
Operating activities	(6)	(4,112)	17,820	14,913	(17,506)	5,459	308	16,260
Investing activities	-	-	(3,573)	(2,561)	-	-	(3,573)	(2,561)
Financing activities	-	-	(1,277)	(1,238)	-	-	(1,277)	(1,238)
	<u>(6)</u>	<u>(4,112)</u>	<u>12,970</u>	<u>11,114</u>	<u>(17,506)</u>	<u>5,459</u>	<u>(4,542)</u>	<u>12,461</u>
<u>Cash and cash equivalents:</u>								
Net (decrease)/increase in cash and cash equivalents	(6)	(4,112)	12,970	11,114	(17,506)	5,459	(4,542)	12,461
At beginning of the financial period	83	4,180	28,576	22,841	38,291	14,818	66,950	41,839
At end of the financial period	<u>77</u>	<u>68</u>	<u>41,546</u>	<u>33,955</u>	<u>20,785</u>	<u>20,277</u>	<u>62,408</u>	<u>54,300</u>