

**ALLIANZ LIFE INSURANCE MALAYSIA BERHAD**

(Company No. 198301008983)

(Incorporated in Malaysia)

Unaudited Condensed Interim Financial Statements  
for the six months period ended 30 June 2020

**ALLIANZ LIFE INSURANCE MALAYSIA BERHAD**  
(Company No. 198301008983)  
(Incorporated in Malaysia)

<b>Contents</b>	<b>Page</b>
Condensed statement of financial position	1
Condensed statement of profit or loss	2
Condensed statement of profit or loss and other comprehensive income	3
Condensed statement of changes in equity	4
Condensed statement of cash flows	5 - 6
Notes to the condensed interim financial statements	7 - 17

**ALLIANZ LIFE INSURANCE MALAYSIA BERHAD**  
(Company No. 198301008983)  
(Incorporated in Malaysia)

**Condensed statement of financial position  
as at 30 June 2020 - unaudited**

	Note	30.06.2020 RM'000	31.12.2019 RM'000
<b>Assets</b>			
Property, plant and equipment	6	21,342	22,501
Right-of-use assets		24,992	27,589
Intangible asset		21,406	24,070
Investment properties		3,840	3,840
Investments		12,210,383	11,796,579
Derivative financial assets		74,072	62,177
Reinsurance assets	7	58,023	69,113
Insurance receivables		109,040	52,332
Other receivables, deposits and prepayments		106,631	63,603
Cash and cash equivalents		939,308	887,935
<b>Total assets</b>		<u>13,569,037</u>	<u>13,009,739</u>
<b>Equity, policyholders' funds and liabilities</b>			
Share capital		236,600	236,600
Fair value reserve		8,591	6,037
Revaluation reserve		2,891	2,891
Retained earnings		1,134,282	1,032,837
<b>Total equity</b>		<u>1,382,364</u>	<u>1,278,365</u>
Insurance contract liabilities	7	11,206,832	10,763,671
Deferred tax liabilities		371,799	332,863
Derivative financial liabilities		4,340	1,244
Subordinated loan		-	54,300
Insurance payables		215,980	217,733
Other payables and accruals		370,054	337,978
Lease liabilities		15,643	17,732
Current tax liabilities		2,025	5,853
<b>Total policyholders' funds and liabilities</b>		<u>12,186,673</u>	<u>11,731,374</u>
<b>Total equity, policyholders' funds and liabilities</b>		<u>13,569,037</u>	<u>13,009,739</u>

The accompanying notes form an integral part of these condensed interim financial statements.

**ALLIANZ LIFE INSURANCE MALAYSIA BERHAD**

(Company No. 198301008983)

(Incorporated in Malaysia)

**Condensed statement of profit or loss  
for the six months period ended 30 June 2020 - unaudited**

	<b>Six months ended 30.06.2020 RM'000</b>	<b>Six months ended 30.06.2019 RM'000</b>
<b>Operating revenue</b>	<u>1,684,789</u>	<u>1,556,433</u>
Gross earned premiums	1,424,671	1,317,134
Premiums ceded to reinsurers	<u>(49,735)</u>	<u>(32,791)</u>
<b>Net earned premiums</b>	<u>1,374,936</u>	<u>1,284,343</u>
Investment income	260,118	239,299
Realised losses	(78,739)	(22,230)
Fair value gains and losses	(118,008)	323,939
Fee and commission income	65	-
Other operating income	<u>21,792</u>	<u>17,538</u>
<b>Other revenue</b>	<u>85,228</u>	<u>558,546</u>
Gross benefits and claims paid	(565,783)	(643,416)
Claims ceded to reinsurers	20,356	40,103
Gross change in contract liabilities	(384,401)	(729,236)
Change in contract liabilities ceded to reinsurers	<u>(189)</u>	<u>(126)</u>
<b>Net benefits and claims</b>	<u>(930,017)</u>	<u>(1,332,675)</u>
Fee and commission expense	(234,479)	(225,853)
Management expenses	(124,275)	(110,621)
Interest expenses	(365)	(1,654)
Other operating expenses	<u>(23,887)</u>	<u>(19,169)</u>
<b>Other expenses</b>	<u>(383,006)</u>	<u>(357,297)</u>
<b>Profit before tax</b>	147,141	152,917
Tax expense	<u>(45,696)</u>	<u>(66,131)</u>
<b>Net profit for the period</b>	<u>101,445</u>	<u>86,786</u>

The accompanying notes form an integral part of these condensed interim financial statements.

**ALLIANZ LIFE INSURANCE MALAYSIA BERHAD**

(Company No. 198301008983)

(Incorporated in Malaysia)

**Condensed statement of profit or loss and other comprehensive income  
for the six months period ended 30 June 2020 - unaudited**

	<b>Six months ended 30.06.2020 RM'000</b>	<b>Six months ended 30.06.2019 RM'000</b>
<b>Net profit for the period attributable to owners of the Company</b>	101,445	86,786
<b>Other comprehensive income, net of tax Items that may be reclassified subsequently to profit or loss</b>		
Fair value of available-for-sale financial assets		
- Net gains arising during the financial period	42,183	172,746
- Net realised losses transferred to profit or loss	(3,956)	(4,236)
(Losses)/Gains on cash flow hedge	(5,472)	17,812
Tax effects thereon	(3,161)	(15,689)
Change in insurance contract liabilities arising from net fair value change on:		
- AFS financial assets	(34,864)	(163,548)
- Cash flow hedge reserve	5,473	(17,812)
Tax effects thereon	2,351	14,509
<b>Total other comprehensive income for the period, net of tax</b>	<u>2,554</u>	<u>3,782</u>
<b>Total comprehensive income for the period attributable to owners of the Company</b>	<u>103,999</u>	<u>90,568</u>

The accompanying notes form an integral part of these condensed interim financial statements.

**ALLIANZ LIFE INSURANCE MALAYSIA**

(Company No. 198301008983)

(Incorporated in Malaysia)

**Condensed statement of changes in equity  
for the six months period ended 30 June 2020 - unaudited**

	←————— <i>Non-distributable</i> —————→				← <i>Distributable</i> →	
	Share capital RM'000	Fair value reserve RM'000	Revaluation reserve RM'000	Retained earnings - Life non-participating fund surplus* RM'000	Retained earnings RM'000	Total equity RM'000
<b>At 1 January 2019</b>	236,600	1,294	2,522	752,903	58,309	1,051,628
Total other comprehensive income for the period	-	3,782	-	-	-	3,782
Profit/(loss) for the period	-	-	-	91,274	(4,488)	86,786
<b>Total comprehensive income/(loss) for the period</b>	-	3,782	-	91,274	(4,488)	90,568
<b>At 30 June 2019</b>	236,600	5,076	2,522	844,177	53,821	1,142,196
<b>At 1 January 2020</b>	236,600	6,037	2,891	971,897	60,940	1,278,365
Total other comprehensive income for the period	-	2,554	-	-	-	2,554
Profit/(loss) for the period	-	-	-	108,579	(7,134)	101,445
<b>Total comprehensive income/(loss) for the period</b>	-	2,554	-	108,579	(7,134)	103,999
<b>At 30 June 2020</b>	236,600	8,591	2,891	1,080,476	53,806	1,382,364

\* Non-distributable retained earnings comprise of non-participating fund surplus, net of deferred tax, which is wholly attributable to the shareholders. This amount is only distributable upon the actual transfer of surplus from the life non-participating fund to the shareholder's fund as recommended by the Appointed Actuary and approved by the Board of Directors of the Company.

The accompanying notes form an integral part of these condensed interim financial statements.

**ALLIANZ LIFE INSURANCE MALAYSIA BERHAD**

(Company No. 198301008983)

(Incorporated in Malaysia)

**Condensed statement of cash flows  
for the six months period ended 30 June 2020 - unaudited**

	<b>Six months ended 30.06.2020 RM'000</b>	<b>Six months ended 30.06.2019 RM'000</b>
<b>Cash flows from operating activities</b>		
Profit before tax	147,141	152,917
<i>Adjustments for:</i>		
Investment income	(260,118)	(239,299)
Interest income	(300)	(312)
Interest expense	365	1,654
Realised losses recorded in profit or loss	78,739	22,230
Fair value losses/(gains) on investments recorded in profit or loss	22,880	(327,214)
Purchases of financial investments	(1,549,077)	(1,118,832)
Maturity of financial investments	157,030	151,000
Proceeds from sale of financial investments	792,274	515,916
Change in loans and receivables (LAR)	16,607	(194,552)
Impairment loss on receivables	2,496	436
Amortisation of intangible assets	3,368	3,183
Depreciation of property, plant and equipment	2,350	2,594
Depreciation of right-of-use assets	2,441	2,595
Property, plant and equipment written off	-	121
Unrealised foreign exchange gains	(193)	(337)
Impairment loss on AFS financial investments	95,128	3,275
<b>Operating loss before changes in working capital</b>	<b>(488,868)</b>	<b>(1,024,625)</b>
<b>Changes in working capital:</b>		
Change in reinsurance assets	11,090	(4,809)
Change in insurance receivables	(59,204)	(46,949)
Change in other receivables, deposits and prepayments	(42,314)	(14,587)
Change in insurance contract liabilities	423,381	786,563
Change in insurance payables	(1,753)	(30,147)
Change in other payables	26,008	119,922
<b>Cash used in operations</b>	<b>(131,660)</b>	<b>(214,632)</b>

**ALLIANZ LIFE INSURANCE MALAYSIA BERHAD**

(Company No. 198301008983)

(Incorporated in Malaysia)

**Condensed statement of cash flows  
for the six months period ended 30 June 2020 - unaudited  
(continued)**

	<b>Six months ended 30.06.2020 RM'000</b>	<b>Six months ended 30.06.2019 RM'000</b>
<b>Cash flows from operating activities (continued)</b>		
Tax paid	(13,750)	(14,942)
Dividend received	35,961	27,869
Interest received	220,506	218,207
Interest paid	(318)	(422)
<b>Net cash generated from operating activities</b>	<b>110,739</b>	<b>16,080</b>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(1,687)	(3,367)
Acquisition of intangible assets	(207)	(569)
<b>Net cash used in investing activities</b>	<b>(1,894)</b>	<b>(3,936)</b>
<b>Cash flows from financing activities</b>		
Payment of lease liabilities	(1,933)	(2,347)
Payment of loan interest to holding company	(1,239)	(1,232)
Repayment of subordinated loans	(54,300)	-
<b>Net cash used in financing activities</b>	<b>(57,472)</b>	<b>(3,579)</b>
<b>Net increase in cash and cash equivalents</b>	<b>51,373</b>	<b>8,565</b>
Cash and cash equivalents as at 1 January	887,935	740,079
<b>Cash and cash equivalents as at 30 June</b>	<b>939,308</b>	<b>748,644</b>
Cash and cash equivalents comprise:		
Fixed and call deposits with licensed financial institutions (with maturity less than three months)	898,736	671,202
Cash and bank balances	40,572	77,442
	<b>939,308</b>	<b>748,644</b>

The accompanying notes form an integral part of these condensed interim financial statements.



## ALLIANZ LIFE INSURANCE MALAYSIA BERHAD

(Company No. 198301008983)

(Incorporated in Malaysia)

### Notes to the condensed interim financial statements

#### 1. Basis of preparation

These condensed interim financial statements of the Company as at and for the period ended 30 June 2020 have been prepared in accordance with Malaysian Financial Reporting Standard ("MFRS") 134: Interim Financial Reporting and International Accounting Standard ("IAS") 34: Interim Financial Reporting.

These condensed interim financial statements do not include all information required for disclosure the annual financial statements, and should be read in conjunction with the audited financial statements of the Company as at and for the year ended 31 December 2019.

The preparation of the condensed interim financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities as at the date of the condensed interim financial statements, and the reported amount of income and expenses during the year. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

#### 2. Significant accounting policies

The accounting policies adopted by the Company for the condensed interim financial statements are consistent with those adopted in the Company's audited financial statements for the financial year ended 31 December 2019, except for the adoption of the following:

<b>MFRSs/ Amendments/ Interpretation</b>	<b>Effective date</b>
The Conceptual Framework for Financial Reporting (Revised 2018)	1 January 2020
Amendments to MFRS 101, <i>Presentation of Financial Statements – Definition of Material</i>	1 January 2020
Amendments to MFRS 108, <i>Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material</i>	1 January 2020
Amendments to MFRS 3, <i>Business Combinations – Definition of a Business</i>	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7 – <i>Interest Rate Benchmark Reform</i>	1 January 2020

#### **MFRS 9, *Financial Instruments***

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities and on hedge accounting, effective for annual periods beginning on or after 1 January 2018. The standard eliminates the existing MFRS 139 categories of held to maturity, loans and receivables and available for sale.

The Group has applied the temporary exemption under Amendments to MFRS 4 - Applying MFRS 9, *Financial Instruments* with MFRS 4, *Insurance Contracts* which enables eligible entities to defer the implementation date of MFRS 9 to annual periods beginning before 1 January 2023 at the latest. Hence, the Company has not adopted MFRS 9 for the financial year beginning on or after 1 January 2018.

#### **Amendments to MFRS 4 - Applying MFRS 9, *Financial Instruments* with MFRS 4, *Insurance Contract***

The amendments allow entities to avoid temporary volatility in profit or loss that might result from adopting MFRS 9 before the forthcoming new insurance contracts standard.

The amendments provide 2 different approaches for the Company:

- (i) temporary exemption from MFRS 9 for entities that meet specific requirements; and
- (ii) the overlay approach.

Both approaches are optional.

The temporary exemption enables eligible entities to defer the implementation date of MFRS 9 to annual periods beginning before 1 January 2023 at the latest. An entity may apply the temporary exemption from MFRS 9 if its activities are predominantly connected with insurance whilst the overlay approach allows an entity to adjust profit or loss for eligible financial assets by removing any accounting volatility to other comprehensive income that may arise from applying MFRS 9.

An entity can apply the temporary exemption from MFRS 9 from annual periods beginning on or after 1 January 2018 and may start applying the overlay approach when it applies MFRS 9 for the first time.

## 2. Significant accounting policies (continued)

### Amendments to MFRS 4 - Applying MFRS 9, *Financial Instruments* with MFRS 4, *Insurance Contract* (continued)

The Company's business activity is predominantly insurance as the liabilities connected with the Company's insurance businesses made up approximately 90% of the Company's total liabilities. Hence, the Company qualifies for the temporary exemption from applying MFRS 9 and will defer and adopt MFRS 9 together with MFRS 17 for the financial year beginning on or after 1 January 2023.

The following additional disclosures, required by Amendments to MFRS 4 for entity qualified and elected the temporary exemption from applying MFRS 9, present the Company's financial assets by their contractual cash flows characteristics, which indicate if they are solely payments of principal and interest on the principal outstanding ("SPPI"):

	<b>Financial assets with SPPI cash flow RM'000</b>	<b>All other financial assets RM'000</b>	<b>Total* RM'000</b>
<b>Fair value as at 30 June 2020</b>			
Investments	3,054,925	9,069,932	12,124,857
Malaysian government securities and government guaranteed bonds	2,238,649	3,636,286	5,874,935
Unquoted bonds of corporations	116,965	3,494,442	3,611,407
Quoted equity securities and unit trusts	-	1,801,471	1,801,471
Unquoted equity securities and unit trusts	-	64,080	64,080
Structured deposits	-	73,653	73,653
Government guaranteed loan	-	-	-
Fixed and call deposits with licensed banks	699,311	-	699,311
Derivative financial assets	-	74,072	74,072
Other receivables, deposits and prepayments	106,631	-	106,631
Cash and cash equivalents	939,308	-	939,308
	<b>4,100,864</b>	<b>9,144,004</b>	<b>13,244,868</b>

	<b>Financial assets with SPPI cash flow RM'000</b>	<b>All other financial assets RM'000</b>	<b>Total* RM'000</b>
<b>Changes in fair value during the period</b>			
Investments			
Malaysian government securities and government guaranteed bonds	47,576	71,564	119,140
Unquoted bonds of corporations	1,108	59,510	60,618
Quoted equity securities and unit trusts	-	(183,728)	(183,728)
Unquoted equity securities and unit trusts	-	(467)	(467)
Structured deposits	-	(596)	(596)
Derivative financial assets	-	14,909	14,909
	<b>48,684</b>	<b>(38,808)</b>	<b>9,876</b>

\* Insurance receivables, reinsurance assets, policy loans, automatic premium loans and deferred acquisition cost have been excluded from the above assessment as they will be under the scope of MFRS 17, Insurance Contracts. Other than the financial assets listed in the table above and the assets that are within the scope of MFRS 17, Insurance Contracts, all other assets in the statement of financial position are non-financial assets.

**2. Significant accounting policies (continued)****Amendments to MFRS 4 - Applying MFRS 9, *Financial Instruments* with MFRS 4, *Insurance Contract* (continued)****Financial assets with SPPI cash flows\***

	AAA RM'000	AA RM'000	A RM'000	AA- RM'000	Non- investment grade RM'000	Non-rated RM'000	Investment- linked funds RM'000	Total RM'000
<b>Gross carrying amounts under MFRS 139 by credit risk rating grades</b>								
Investments								
Malaysian government securities and government guaranteed bonds	-	-	-	-	-	2,238,649	-	2,238,649
Unquoted bonds of corporations	84,925	29,034	-	3,006	-	-	-	116,965
Fixed and call deposits with licensed banks	87,148	486,752	-	-	-	-	125,411	699,311
Other receivables and deposits	-	-	-	-	-	93,031	13,600	106,631
Cash and cash equivalents	259,085	412,371	1,939	-	-	188	265,725	939,308
<b>Total financial assets*</b>	<b>431,158</b>	<b>928,157</b>	<b>1,939</b>	<b>3,006</b>	<b>-</b>	<b>2,331,868</b>	<b>404,736</b>	<b>4,100,864</b>

\* Credit risk of these financial assets is considered low for the purposes of MFRS 9.

Except as disclosed above, the adoption of new standards, amendments to standards and interpretations by the Company for the first time for the financial year beginning on or after 1 January 2020 did not have any material impact on the current and/or prior periods.

**3. Items of an unusual nature**

The results of the Company for the financial period under review were not substantially affected by any item, transaction or event of a material and unusual nature.

**4. Changes in estimates**

There were no material changes in estimates of amounts reported in the prior financial year that have a material effect in the current period.

**5. Seasonal or Cyclical Factors**

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

**6. Property, Plant and Equipment**

The Company's property, plant and equipment are stated at cost/valuation less any accumulated depreciation and any accumulated impairment losses. There were no changes in the valuation of property, plant and equipment that were brought forward from the Company's audited financial statement for the year ended 31 December 2019.

(Company No. 198301008983)

**7. Insurance contract liabilities**

	<b>30.06.2020</b>			<b>31.12.2019</b>		
	<b>Gross</b>	<b>Reinsurance</b>	<b>Net</b>	<b>Gross</b>	<b>Reinsurance</b>	<b>Net</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Actuarial liabilities	8,521,726	(33,361)	8,488,365	8,104,309	(33,549)	8,070,760
Unallocated surplus	(6,743)	-	(6,743)	30,069	-	30,069
Hedging reserve	14,251	-	14,251	19,284	-	19,284
Available-for-sale fair value reserve	264,566	-	264,566	232,491	-	232,491
Net asset value attributable to unitholders	1,796,918	-	1,796,918	1,793,122	-	1,793,122
Revaluation reserve	6,990	-	6,990	6,992	-	6,992
Benefits and claims liabilities	609,124	(24,662)	584,462	577,404	(35,564)	541,840
	<b>11,206,832</b>	<b>(58,023)</b>	<b>11,148,809</b>	<b>10,763,671</b>	<b>(69,113)</b>	<b>10,694,558</b>

**7. Insurance contract liabilities (continued)**

	← Gross →			← Reinsurance →			Net RM'000
	With DPF RM'000	Without DPF RM'000	Total RM'000	With DPF RM'000	Without DPF RM'000	Total RM'000	
<b>At 1 January 2019</b>	3,950,423	5,333,832	9,284,255	(440)	(66,139)	(66,579)	9,217,676
Premiums received	116,304	2,608,728	2,725,032	(6,027)	(75,151)	(81,178)	2,643,854
Liabilities paid for death, maturities, surrenders, benefits and claims	(321,702)	(1,002,993)	(1,324,695)	2,876	63,472	66,348	(1,258,347)
Benefits and claims experience variation	89,250	(167,456)	(78,206)	1,679	14,906	16,585	(61,621)
Fees deducted	(13,240)	(672,162)	(685,402)	1,472	(23)	1,449	(683,953)
Expected interest on reserve/net investment income attributable to Universal Life Fund	152,654	293,582	446,236	-	(467)	(467)	445,769
Adjustments due to changes in assumptions	72,131	48,182	120,313	-	(2,182)	(2,182)	118,131
Net asset value attributable to unitholders	-	63,814	63,814	-	-	-	63,814
Hedging reserve	20,960	-	20,960	-	-	-	20,960
Available-for-sale fair value reserve	200,584	-	200,584	-	-	-	200,584
Revaluation reserve	1,099	-	1,099	-	-	-	1,099
Unallocated surplus	(103,628)	-	(103,628)	-	-	-	(103,628)
Deferred tax effects:							
- Hedging reserve	(1,677)	-	(1,677)	-	-	-	(1,677)
- Available-for-sale fair value reserve	(16,047)	-	(16,047)	-	-	-	(16,047)
- Revaluation reserve	(88)	-	(88)	-	-	-	(88)
Movements in benefits and claim liabilities	51,851	59,270	111,121	(88)	(3,001)	(3,089)	108,032
<b>At 31 December 2019</b>	<b>4,198,874</b>	<b>6,564,797</b>	<b>10,763,671</b>	<b>(528)</b>	<b>(68,585)</b>	<b>(69,113)</b>	<b>10,694,558</b>

(Company No. 198301008983)

## 7. Insurance contract liabilities (continued)

	← Gross →			← Reinsurance →			Net RM'000
	With DPF RM'000	Without DPF RM'000	Total RM'000	With DPF RM'000	Without DPF RM'000	Total RM'000	
<b>At 1 January 2020</b>	4,198,874	6,564,797	10,763,671	(528)	(68,585)	(69,113)	10,694,558
Premiums received	50,096	1,374,575	1,424,671	(2,494)	(47,241)	(49,735)	1,374,936
Liabilities paid for death, maturities, surrenders, benefits and claims	(138,403)	(427,360)	(565,763)	1,325	19,031	20,356	(545,407)
Benefits and claims experience variation	11,274	(108,612)	(97,338)	1,169	29,581	30,750	(66,588)
Fees deducted	(6,602)	(340,307)	(346,909)	-	65	65	(346,844)
Expected interest on reserve/net investment income attributable to Universal Life Fund	76,703	60,433	137,136	-	(316)	(316)	136,819
Adjustments due to changes in assumptions	(10,168)	27,014	16,846	-	(932)	(932)	15,915
Net asset value attributable to unitholders	-	(147,432)	(147,432)	-	-	-	(147,432)
Hedging reserve	(5,471)	-	(5,471)	-	-	-	(5,471)
Available-for sale fair value reserve	34,864	-	34,864	-	-	-	34,864
Unallocated surplus	(36,812)	-	(36,812)	-	-	-	(36,812)
Deferred tax effect:							
- Hedging reserve	438	-	438	-	-	-	438
- Available-for-sale fair value reserve	(2,789)	-	(2,789)	-	-	-	(2,789)
Movements in benefits and claim liabilities	25,398	6,322	31,720	(370)	11,272	10,902	42,622
<b>At 30 June 2020</b>	<b>4,197,402</b>	<b>7,009,430</b>	<b>11,206,832</b>	<b>(898)</b>	<b>(57,125)</b>	<b>(58,023)</b>	<b>11,148,809</b>

## 8. Changes in Company's composition

There were no changes in the composition of the Company during the financial period under review.

## 9. Capital commitments

	30.06.2020 RM'000	31.12.2019 RM'000
Property, plant and equipment: Contracted but not provided for	<u>711</u>	<u>3,306</u>
Intangible asset: Contracted but not provided for	<u>1,659</u>	<u>396</u>

## 10. Related party transactions

Significant related party transactions are as follows:

	Transaction value Six months ended 30 June	
	2020 RM'000	2019 RM'000
<b>Related companies*</b>		
Reinsurance premium and commission	<u>(50,609)</u>	<u>(33,978)</u>

\* Related companies are companies within the Allianz SE group.

## 11. Changes in contingent liabilities or contingent assets

The Company does not have contingent liabilities and contingent assets as the date of this report.

## 12. Debt and equity securities

There were no other issuance of shares, shares buy-back and repayment of debt and equity securities by the Company during the financial period under review.

## 13. Regulatory capital requirement

The total capital available of the Company as prescribed under the Risk-Based Capital Framework is provided below:

	30.06.2020 RM'000	31.12.2019 RM'000
<b>Tier 1 Capital</b>		
Paid up share capital	236,600	236,600
Eligible reserves, including retained earnings	<u>1,790,279</u>	<u>1,748,133</u>
	<u>2,026,879</u>	<u>1,984,733</u>
<b>Tier 2 Capital</b>		
Eligible reserves	297,289	267,695
Subordinated loan	-	33,295
	<u>297,289</u>	<u>300,990</u>
<b>Amount deducted from capital</b>	(42,131)	(27,374)
<b>Total capital available</b>	<u>2,282,037</u>	<u>2,258,349</u>

## 14. Subsequent events

There were no material events subsequent to the end of the financial period under review that have not been reported in this report.

## 15. Dividend paid

No dividend has been proposed or declared for the financial period under review (2019: nil).

## 16. Insurance funds

The Company's activities are organised by funds and segregated into Life and Shareholders' funds in accordance with the Financial Services Act, 2013.

The Company's statement of financial position and statement of profit or loss have been further analysed by funds.

The life insurance business offers a wide range of participating and non-participating Whole Life, Term Assurance, Endowment, as well as Investment-linked products.

### Condensed statement of financial position by funds as at 30 June 2020 - unaudited

	Shareholders' Funds		Life Fund		Total	
	30.06.2020	31.12.2019	30.06.2020	31.12.2019	30.06.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Assets</b>						
Property, plant and equipment	-	-	21,342	22,501	21,342	22,501
Investment properties	-	-	3,840	3,840	3,840	3,840
Intangible assets	15,906	18,178	5,500	5,892	21,406	24,070
Right-of-use assets	-	-	24,992	27,589	24,992	27,589
Investments	246,983	247,604	11,963,400	11,548,975	12,210,383	11,796,579
Derivatives financial assets	-	-	74,072	62,177	74,072	62,177
Reinsurance assets	-	-	58,023	69,113	58,023	69,113
Insurance receivables	-	-	109,040	52,332	109,040	52,332
Other receivables, deposits and prepayments	57,734	52,668	48,897	25,849	106,631	63,603
Cash and cash equivalents	28,755	65,383	910,553	822,552	939,308	887,935
<b>Total assets</b>	<b>349,378</b>	<b>383,833</b>	<b>13,219,659</b>	<b>12,640,820</b>	<b>13,569,037</b>	<b>13,009,739</b>



**16. Insurance funds (continued)****Condensed statement of financial position by funds  
as at 30 June 2020 - unaudited (continued)**

	Shareholders' Funds		Life Fund		Total	
	30.06.2020	31.12.2019	30.06.2020	31.12.2019	30.06.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Equity, policyholders' funds and liabilities</b>						
Share capital	236,600	236,600	-	-	236,600	236,600
Fair value reserve	8,432	5,865	159	172	8,591	6,037
Asset revaluation reserve	-	-	2,891	2,891	2,891	2,891
Retained earnings	53,808	60,941	1,080,474	971,896	1,134,282	1,032,837
<b>Total equity</b>	<b>298,840</b>	<b>303,406</b>	<b>1,083,524</b>	<b>974,959</b>	<b>1,382,364</b>	<b>1,278,365</b>
Insurance contract liabilities	-	-	11,206,832	10,763,671	11,206,832	10,763,671
Deferred tax liabilities	2,718	1,891	369,081	330,972	371,799	332,863
Derivative financial liabilities	-	-	4,340	1,244	4,340	1,244
Subordinated loan	-	54,300	-	-	-	54,300
Insurance payables	14,020	10,859	201,960	206,874	215,980	217,733
Lease liabilities	-	-	15,643	17,732	15,643	17,732
Other payables and accruals	28,441	7,813	341,613	345,079	370,054	337,978
Current tax liabilities	5,359	5,564	(3,334)	289	2,025	5,853
<b>Total policyholders' funds and liabilities</b>	<b>50,538</b>	<b>80,427</b>	<b>12,136,135</b>	<b>11,665,861</b>	<b>12,186,673</b>	<b>11,731,374</b>
<b>Total equity, policyholders' funds and liabilities</b>	<b>349,378</b>	<b>383,833</b>	<b>13,219,659</b>	<b>12,640,820</b>	<b>13,569,037</b>	<b>13,009,739</b>

## 16. Insurance funds (continued)

Interim statement of profit or loss by funds  
for the six months period ended 30 June 2020 - unaudited

	Shareholders' Funds		Life Fund		Total	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Operating revenue</b>	4,947	6,341	1,679,842	1,550,092	1,684,789	1,556,433
Gross earned premiums	-	-	1,424,671	1,317,134	1,424,671	1,317,134
Premiums ceded to reinsurers	-	-	(49,735)	(32,791)	(49,735)	(32,791)
<b>Net earned premiums</b>	-	-	1,374,936	1,284,343	1,374,936	1,284,343
Investment income	4,947	6,341	255,171	232,958	260,118	239,299
Realised gains and losses	853	1,119	(79,592)	(23,349)	(78,739)	(22,230)
Fair value gains and losses	-	-	(118,008)	323,939	(118,008)	323,939
Fee and commission income	-	-	65	-	65	-
Other operating income	629	4,509	21,163	13,029	21,792	17,538
<b>Other revenue</b>	6,429	11,969	78,799	546,577	85,228	558,546
Gross benefits and claims paid	(19)	(84)	(565,764)	(643,332)	(565,783)	(643,416)
Claims ceded to reinsurers	-	-	20,356	40,103	20,356	40,103
Gross change in contract liabilities	-	-	(384,401)	(729,236)	(384,401)	(729,236)
Change in contract liabilities ceded to reinsurers	-	-	(189)	(126)	(189)	(126)
<b>Net benefits and claims</b>	(19)	(84)	(929,998)	(1,332,591)	(930,017)	(1,332,675)
Fee and commission expense	(5,926)	(3,381)	(228,553)	(222,472)	(234,479)	(225,853)
Management expenses	(5,921)	(5,757)	(118,354)	(104,864)	(124,275)	(110,621)
Interest expenses	-	-	(365)	(1,654)	(365)	(1,654)
Other operating expenses	(1,204)	(6,224)	(22,683)	(12,945)	(23,887)	(19,169)
<b>Other expenses</b>	(13,051)	(15,362)	(369,955)	(341,935)	(383,006)	(357,297)
<b>(Loss)/profit before tax</b>	(6,641)	(3,477)	153,782	156,394	147,141	152,917
Tax expense	(493)	(1,011)	(45,203)	(65,120)	(45,696)	(66,131)
<b>Net (loss)/profit after tax</b>	(7,134)	(4,488)	108,579	91,274	101,445	86,786

**16. Insurance funds (continued)**

**Investment-linked funds condensed statement of assets and liabilities  
as at 30 June 2020 - unaudited**

	<b>30.06.2020</b>	<b>31.12.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Assets</b>		
Investments	1,528,726	1,613,592
Interest and dividend receivables, and other receivables	13,600	722
Cash and cash equivalents	265,725	187,725
<b>Total assets</b>	<u>1,808,051</u>	<u>1,802,039</u>
<b>Liabilities</b>		
Deferred tax liabilities	2,039	1,847
Other payables	1,855	3,789
Benefits and claims liabilities	7,239	3,264
Current tax liabilities	-	17
<b>Total liabilities</b>	<u>11,133</u>	<u>8,917</u>
<b>Net asset value of funds (Note 7)</b>	<u>1,796,918</u>	<u>1,793,122</u>

**Investment-linked funds condensed statement of income and expenditure  
for the six months period ended 30 June 2020 - unaudited**

	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Investment income	33,544	27,461
Realised losses	(78,715)	(21,396)
Fair value gains and losses	(97,138)	79,899
Other operating income	1,093	673
	<u>(141,216)</u>	<u>86,637</u>
Management expenses	-	(26)
Other operating expenses	(10,917)	(9,752)
(Loss)/profit before tax	<u>(152,133)</u>	<u>76,859</u>
Tax income/(expense)	4,701	(2,526)
Net (loss)/profit for the period	<u>(147,432)</u>	<u>74,333</u>