

**ALLIANZ LIFE INSURANCE MALAYSIA BERHAD**

(Company No. 104248-X)

(Incorporated in Malaysia)

Condensed Unaudited Interim Financial Statements  
for the year ended 31 December 2011

# **ALLIANZ LIFE INSURANCE MALAYSIA BERHAD**

(Company No. 104248- X)

(Incorporated in Malaysia)

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**ALLIANZ LIFE INSURANCE MALAYSIA BERHAD**

(Company No. 104248- X)

(Incorporated in Malaysia)

**Condensed interim statement of financial position  
As at 31 December 2011 - unaudited**

	Note	31.12.2011 RM'000	31.12.2010 RM'000
<b>Assets</b>			
Property, plant and equipment	6	20,122	16,773
Investment properties		2,990	2,650
Intangible assets		125	171
Investments	7	3,515,447	2,904,567
Reinsurance assets	8	83,026	81,080
Insurance receivables		48,775	41,958
Other receivables, deposits and prepayments		60,102	76,271
Current tax assets		2,754	-
Cash and cash equivalents		302,411	227,218
<b>Total assets</b>		<u>4,035,752</u>	<u>3,350,688</u>
<b>Equity, policyholders' funds and liabilities</b>			
Share capital		236,600	236,600
Fair value reserve		2,522	711
Retained earnings/(Accumulated losses)		5,724	(12,499)
<b>Total equity</b>		<u>244,846</u>	<u>224,812</u>
<b>Liabilities</b>			
Insurance contract liabilities	9	3,483,232	2,849,319
Deferred tax liabilities		8,401	6,248
Other financial liabilities		1,463	1,582
Insurance payables		84,991	73,888
Other payables and accruals		144,246	134,381
Benefits and claims liabilities		68,573	59,545
Current tax liabilities		-	913
<b>Total liabilities</b>		<u>3,790,906</u>	<u>3,125,876</u>
<b>Total equity, policyholders' funds and liabilities</b>		<u>4,035,752</u>	<u>3,350,688</u>

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

**ALLIANZ LIFE INSURANCE MALAYSIA BERHAD**

(Company No. 104248- X)

(Incorporated in Malaysia)

**Condensed interim income statement  
For the year ended 31 December 2011 - unaudited**

	Individual Period		Cumulative Period	
	Current Year Half-yearly 31.12.2011 RM'000	Preceding Year Corresponding Half-yearly 31.12.2010 RM'000	Current Year 31.12.2011 RM'000	Preceding Year Corresponding 31.12.2010 RM'000
<b>Operating revenue</b>	<u>671,180</u>	<u>610,321</u>	<u>1,295,036</u>	<u>1,145,284</u>
Gross earned premiums	591,083	547,200	1,143,710	1,029,459
Premiums ceded to reinsurers	<u>(32,711)</u>	<u>(32,807)</u>	<u>(67,630)</u>	<u>(64,147)</u>
<b>Net earned premiums</b>	<u>558,372</u>	<u>514,393</u>	<u>1,076,080</u>	<u>965,312</u>
Investment income	80,097	63,121	151,326	115,825
Realised gains and losses	(5,268)	14,816	32,838	36,671
Fair value gains and losses	(5,360)	8,384	(205)	195
Fee and commission income	1,995	4,169	6,238	7,498
Other operating income	1,814	4,625	4,544	6,211
<b>Other revenue</b>	<u>73,278</u>	<u>95,115</u>	<u>194,741</u>	<u>166,400</u>
Gross benefits and claims paid	(167,055)	(148,294)	(297,108)	(282,184)
Claims ceded to reinsurers	27,440	26,934	51,712	45,089
Gross change to contract liabilities	(261,633)	(296,618)	(619,418)	(534,600)
Change in contract liabilities ceded to reinsurers	<u>(13,661)</u>	<u>3,379</u>	<u>1,945</u>	<u>9,476</u>
<b>Net benefits and claims</b>	<u>(414,909)</u>	<u>(414,599)</u>	<u>(862,869)</u>	<u>(762,219)</u>
Fee and commission expense	(141,608)	(131,476)	(272,106)	(255,471)
Management expenses	(44,174)	(33,292)	(86,788)	(72,004)
Other operating expenses	<u>(3,981)</u>	<u>(5,852)</u>	<u>(9,354)</u>	<u>(10,993)</u>
<b>Other expenses</b>	<u>(189,763)</u>	<u>(170,620)</u>	<u>(368,248)</u>	<u>(338,468)</u>
<b>Profit before tax</b>	26,978	24,289	39,704	31,025
Tax expense	<u>(11,861)</u>	<u>(10,763)</u>	<u>(21,481)</u>	<u>(16,481)</u>
<b>Net profit for the year</b>	<u>15,117</u>	<u>13,526</u>	<u>18,223</u>	<u>14,544</u>

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

**ALLIANZ LIFE INSURANCE MALAYSIA BERHAD**

(Company No. 104248- X)

(Incorporated in Malaysia)

**Condensed interim statement of comprehensive income  
For the year ended 31 December 2011 - unaudited**

	<b>Individual Period</b>		<b>Cumulative Period</b>	
	Current Year Half-yearly 31.12.2011 RM'000	Preceding Year Corresponding Half-yearly 31.12.2010 RM'000	Current Year 31.12.2011 RM'000	Preceding Year Corresponding 31.12.2010 RM'000
<b>Net profit for the year attributable to owners of the Company</b>	15,117	13,526	18,223	14,544
<b>Other comprehensive income:</b>				
Available-for-sale fair value reserve	1,848	786	2,415	2,271
Tax effects thereon	(463)	(197)	(604)	(568)
<b>Other comprehensive income for the year, net of tax</b>	<u>1,385</u>	<u>589</u>	<u>1,811</u>	<u>1,703</u>
<b>Total comprehensive income for the year attributable to owners of the Company</b>	<u><u>16,502</u></u>	<u><u>14,115</u></u>	<u><u>20,034</u></u>	<u><u>16,247</u></u>

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

**ALLIANZ LIFE INSURANCE MALAYSIA BERHAD**

(Company No. 104248- X)

(Incorporated in Malaysia)

**Condensed interim statement of changes in equity  
For the year ended 31 December 2011 - unaudited**

	← <i>Non-distributable</i> →		<i>Distributable</i>	
	Share capital RM'000	Fair value reserve RM'000	(Accumulated losses)/ Retained earnings RM'000	Total equity RM'000
<b>At 1 January 2010</b>	157,000	(992)	(27,043)	128,965
Total comprehensive income for the year	-	1,703	14,544	16,247
Issue of ordinary shares	79,600	-	-	79,600
<b>At 31 December 2010/1 January 2011</b>	236,600	711	(12,499)	224,812
Total comprehensive income for the period	-	1,811	18,223	20,034
<b>At 31 December 2011</b>	236,600	2,522	5,724	244,846

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

**Condensed interim cash flow statement**  
**For the year ended 31 December 2011 - unaudited**

	2011 RM'000	2010 RM'000 Restated
<b>Cash flows from operating activities</b>		
Profit before tax	39,704	31,025
Change in fair value of investment property	(340)	-
Investment income	(151,326)	(115,825)
Interest expense	1,369	1,343
Realised gains recorded in income statement	(32,942)	(36,676)
Fair value on investments recorded in income statement	545	(195)
Purchases of financial investments	(1,452,625)	(4,237,892)
Maturity of financial investments	157,595	2,635,734
Proceeds from sale of financial investments	735,118	1,108,960
Decrease/(Increase) in LAR	2,215	(183,870)
Unrealised foreign exchange gain	(710)	-
<b>Non-cash items:</b>		
Increase in fair value changes	(14,495)	(59,489)
Allowance for/(write back of) doubtful debts	302	(317)
Bad debts written off	150	-
Amortisation of intangible assets	46	45
Depreciation of property, plant and equipment	2,652	1,677
Loss on disposal of property, plant and equipment	104	5
Property, plant and equipment written off	850	16
<b>Changes in working capital:</b>		
Increase in reinsurance assets	(1,946)	(9,476)
Increase in insurance receivables	(7,229)	(7,330)
Decrease/(increase) in other receivables, deposits and prepayments	13,498	(35,332)
Increase in contract liabilities	633,913	594,089
Decrease in other financial liabilities	(118)	(122)
Increase in insurance payables	11,048	2,002
Increase in other payables	11,154	30,318
Increase in benefits and claims liabilities	9,028	22,386
<b>Cash used in operating activities</b>	<b>(42,440)</b>	<b>(258,924)</b>

**Condensed interim cash flow statement  
For the year ended 31 December 2011 - unaudited  
(continued)**

	<b>2011</b>	<b>2010</b>
	<b>RM'000</b>	<b>RM'000</b>
Tax paid	(24,104)	(8,500)
Dividend received	13,929	10,466
Coupon interest received	128,444	99,893
Other income received	4,404	3,676
Rental income on investment properties received	186	186
<b>Net cash generated from/(used in) operating activities</b>	<b>80,419</b>	<b>(153,203)</b>
<b>Investing activities</b>		
Proceeds from disposal of property, plant and equipment	156	38
Acquisition of property, plant and equipment	(5,382)	(2,681)
Acquisition of intangible assets	-	(170)
<b>Net cash used in investing activities</b>	<b>(5,226)</b>	<b>(2,813)</b>
<b>Financing Activities</b>		
Issuance of ordinary shares	-	79,600
Decrease in subordinated loans	-	(3,600)
<b>Net cash generated from financing activities</b>	<b>-</b>	<b>76,000</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>75,193</b>	<b>(80,016)</b>
<b>Cash and cash equivalents at 1 January</b>	<b>227,218</b>	<b>307,234</b>
<b>Cash and cash equivalents at 31 December</b>	<b>302,411</b>	<b>227,218</b>
<b>Cash and cash equivalent comprises:</b>		
<b>Fixed and call depositis (with maturity less than three months):</b>		
Licensed bank	282,515	220,820
<b>Cash and bank balances</b>	<b>19,896</b>	<b>6,398</b>
	<b>302,411</b>	<b>227,218</b>



## ALLIANZ LIFE INSURANCE MALAYSIA BERHAD

(Company No. 104248- X)

(Incorporated in Malaysia)

### Notes to the interim financial statements

#### 1. Basis of preparation

The interim financial statements of the Company are unaudited and have been prepared in accordance with:

- a) The requirements of the Financial Reporting Standard ("FRS") 134 : Interim Financial Reporting;
- b) Guidelines/circulars issued by Bank Negara Malaysia ("BNM"); and
- c) Financial Reporting Standards as modified by BNM ("Modified FRS").

and should be read in conjunction with the Company's audited financial statements for the year ended 31 December 2010.

#### 2. Changes in accounting policies

The accounting policies adopted by the Company for the condensed interim financial statements are consistent with those adopted in the Company audited financial statements for the financial year ended 31 December 2010.

The following accounting standards, amendments and interpretations have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the Company:

##### **FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2011**

Issues Committee ("IC") Interpretation 19, *Extinguishing Financial Liabilities with Equity Instruments*

Amendments to IC Interpretation 14, *Prepayments of a Minimum Funding Requirement*

##### **FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2012**

FRS 124, *Related Party Disclosures* (revised)

Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*

Amendments to FRS 7, *Financial Instruments: Disclosures - Transfers of Financial Assets*

Amendments to FRS 112, *Income Taxes-Deferred Tax: Recovery of Underlying Assets*

##### **FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2012**

Amendments to FRS 101, *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*

##### **FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2013**

FRS 9, *Financial Instruments* (2009)

FRS 9, *Financial Instruments* (2010)

FRS 10, *Consolidated Financial Statements*

FRS 11, *Joint Arrangements*

FRS 12, *Disclosure of Interests in Other Entities*

FRS 119, *Employee Benefits* (2011)

FRS 127, *Separate Financial Statements* (2011)

FRS 128, *Investment in Associates and Joint Ventures* (2011)

IC Interpretation 20, *Stripping Costs in the Production Phase of a Surface Mine*

The Company's financial statements for annual period beginning on 1 January 2012 will be prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS") issued by the MASB and International Financial Reporting Standards ("IFRSs"). As a result, the Company will not be adopting the above FRSs, Interpretations and amendments.

**3. Items of an unusual nature**

The results of the Company for the year 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 significant changes in estimates of amounts reported in prior financial year that have a material effect in the financial year under review.

**5. Seasonal or cyclical factors**

The operations of the Company for the financial year 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. During the year the Company has revalued its property, plant and equipment and the revaluation surplus amounting to RM1,728,000

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## 7. Investments

The Company's financial investments are summarised by categories as follows:

	Current		Non-current		Total	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010	31.12.2011	31.12.2010
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Held-to-maturity financial assets ("HTM")	-	-	783,188	595,758	783,188	595,758
Available-for-sale financial assets ("AFS")	2,111,428	1,696,189	-	74,602	2,111,428	1,770,791
Loans and receivables ("LAR")	77,105	74,215	190,074	195,179	267,179	269,394
Held-for-trading ("HFT")	353,652	268,624	-	-	353,652	268,624
	<u>2,542,185</u>	<u>2,039,028</u>	<u>973,262</u>	<u>865,539</u>	<u>3,515,447</u>	<u>2,904,567</u>

	Amortised cost		Fair value	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
	RM'000	RM'000	RM'000	RM'000
<b>Held-to-maturity</b>				
Malaysian government securities	487,359	506,864	351,683	361,063
Malaysian government guaranteed bonds	187,562	197,679	126,098	134,197
Ringgit-denominated bonds	108,267	111,615	117,977	120,110
	<u>783,188</u>	<u>816,158</u>	<u>595,758</u>	<u>615,370</u>

## 7. Investments (continued)

	← Fair value →	
	31.12.2011	31.12.2010
	RM'000	RM'000
<b>Available-for-sale</b>		
Malaysian government securities	567,000	424,291
Malaysian government guaranteed bonds	120,237	64,900
Ringgit-denominated bonds	76,299	77,540
Quoted equity securities of corporations in Malaysia	215,655	204,045
Quoted equity securities of corporations outside Malaysia	-	15,912
Unquoted equity securities of corporations in Malaysia	2,147	2,147
Quoted bonds of corporations in Malaysia	-	3,023
Unquoted bonds of corporations in Malaysia	898,625	845,194
Quoted unit trusts in Malaysia	75,657	47,856
Unquoted unit trusts in Malaysia	375	384
Unquoted unit trusts outside Malaysia	8,270	10,897
Negotiate certificate deposits with other licensed financial institutions	-	14,642
Structured deposits with licensed banks	147,163	59,960
	2,111,428	1,770,791

	Amortised cost	Fair value	Amortised cost	Fair value
	31.12.2011	31.12.2011	31.12.2010	31.12.2010
	RM'000	RM'000	RM'000	RM'000
<b>Loans and receivables</b>				
Government guaranteed loans	190,000	190,000	188,000	188,000
Commercial loans	-	-	7,097	7,097
Fixed and call deposits with:				
Licensed banks	14,678	14,678	20,140	20,140
Mortgage loans	89	89	97	97
Policy loans	10,602	10,602	9,819	9,819
Automatic premium loans	51,810	51,810	44,241	44,241
	267,179	267,179	269,394	269,394

**7. Investments (continued)**

	← Fair value →	
	31.12.2011	31.12.2010
	RM'000	RM'000
<b>Held-for-trading</b>		
Malaysian government securities	32,431	7,636
Malaysian government guaranteed bonds	15,197	-
Ringgit-denominated bonds	5,163	5,018
Quoted equity securities of corporations in Malaysia	164,753	136,431
Quoted bonds of corporations in Malaysia	-	775
Unquoted bonds of corporations in Malaysia	90,340	67,724
Quoted unit trusts in Malaysia	1,574	232
Unquoted unit trusts outside Malaysia	14,964	19,105
Commercial loan	-	2,128
Negotiable certificate deposits with other licensed financial institutions	-	554
Structured deposits with licensed banks	29,230	29,021
	<u>353,652</u>	<u>268,624</u>

The basis of estimation of fair values for financial instruments is as follows:

- The fair values of Malaysian government securities and Malaysian government guaranteed bonds, structured deposits and negotiable certificate of deposits are based on the indicative market prices;
- The fair values of quoted equity securities of corporations quoted in Malaysia, quoted bonds of corporations in Malaysia and quoted unit trusts in Malaysia are based on quoted closing market price as at the end of the reporting period;
- The unquoted equity securities in and outside Malaysia are stated at cost. Where in the opinion of the Directors, there is a decline other than temporary in value of unquoted equity securities, the allowance for impairment is recognised as an expense in the financial year in which the decline is identified;
- The fair values of ringgit denominated bonds and unquoted bonds of corporations are based on the indicative market yields obtained from three financial institutions;
- The fair values of unquoted unit trusts in and outside Malaysia are based on the net asset values of the unit trusts as at the date of the statements of assets and liabilities obtained from fund managers; and
- The carrying amount of government guaranteed loan, commercial loans, policy loans, mortgage loans, automatic premium loans, other secured loans, other unsecured loans, bankers' acceptances and fixed and call deposits are assumed to approximate their fair values.

Estimation of the fair values of ringgit denominated bonds, and unquoted bonds of corporations are based on the indicative market yields obtained from three financial institutions which involve projections of the market yields based on past transactions. There are elements of uncertainty in projecting the expected market yields and these uncertainties arise from changes in underlying risk and overall economic conditions. As such, the projected market yield may be different from the actual market yields in future.

**8. Reinsurance assets**

	31.12.2011	31.12.2010
	RM'000	RM'000
<b>Reinsurance of insurance contracts</b>		
Actuarial liabilities		
- Current	5,258	4,185
- Non-current	77,768	76,895
	<u>83,026</u>	<u>81,080</u>

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## 9. Insurance contract liabilities

	31.12.2011			31.12.2010		
	Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000
Actuarial liabilities	2,615,884	(83,026)	2,532,858	2,107,457	(81,080)	2,026,377
Unallocated surplus	485,217	-	485,217	414,316	-	414,316
Available-for-sale fair value reserves	64,590	-	64,590	51,707	-	51,707
Net asset value attributable to unitholders	314,966	-	314,966	274,877	-	274,877
Assets revaluation reserve	2,575	-	2,575	962	-	962
	<b>3,483,232</b>	<b>(83,026)</b>	<b>3,400,206</b>	<b>2,849,319</b>	<b>(81,080)</b>	<b>2,768,239</b>

	← 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 2010</b>	1,289,173	966,057	2,255,230	(2,275)	(69,329)	(71,604)	2,183,626
Premium received	509,309	520,150	1,029,459	(8,586)	(55,561)	(64,147)	965,312
Liabilities paid for death, maturities, surrenders, benefits and claims	(61,451)	(220,733)	(282,184)	5,922	39,167	45,089	(237,095)
Benefits and claims experience variation	21,126	(38,557)	(17,431)	1,274	18,189	19,463	2,032
Fees deducted	(139,313)	(188,153)	(327,466)	1,511	5,987	7,498	(319,968)
Credit of interest or change in unit-prices	4,896	-	4,896	-	-	-	4,896
Adjustments due to changes in assumptions	(1,902)	37,755	35,853	-	(17,379)	(17,379)	18,474
Net asset value attributable to unitholders	-	26,238	26,238	-	-	-	26,238
Available-for sale fair value reserves	49,428	15,234	64,662	-	-	-	64,662
Unallocated surplus	39,470	25,765	65,235	-	-	-	65,235
Deferred tax effects:							
Available-for-sale fair value reserves	(3,954)	(1,219)	(5,173)	-	-	-	(5,173)
<b>At 31 December 2010</b>	<b>1,706,782</b>	<b>1,142,537</b>	<b>2,849,319</b>	<b>(2,154)</b>	<b>(78,926)</b>	<b>(81,080)</b>	<b>2,768,239</b>

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## 9. 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 2011</b>	1,706,782	1,142,537	2,849,319	(2,154)	(78,926)	(81,080)	2,768,239
Premium received	493,687	650,023	1,143,710	(9,525)	(58,105)	(67,630)	1,076,080
Liabilities paid for death, maturities, surrenders, benefits and claims	(71,800)	(225,308)	(297,108)	6,557	45,155	51,712	(245,396)
Benefits and claims experience variation	34,554	(11,800)	22,754	396	(379)	17	22,771
Fees deducted	(96,784)	(261,401)	(358,185)	2,571	3,666	6,238	(351,947)
Credit of interest or change in unit-prices	5,978	-	5,978	-	-	-	5,978
Adjustments due to changes in assumptions	18,118	(1,093)	17,025	(319)	8,036	7,717	24,742
Net asset value attributable to unitholders	-	14,343	14,343	-	-	-	14,343
Available-for sale fair value reserves	7,150	6,853	14,003	-	-	-	14,003
Assets revaluation reserve	1,200	528	1,728	-	-	-	1,728
Unallocated surplus	34,946	35,955	70,901	-	-	-	70,901
Deferred tax effects:							
Available-for-sale fair value reserves	(572)	(548)	(1,120)	-	-	-	(1,120)
Assets revaluation reserve	(81)	(35)	(116)	-	-	-	(116)
<b>At 31 Dec 2011</b>	<b>2,133,178</b>	<b>1,350,054</b>	<b>3,483,232</b>	<b>(2,474)</b>	<b>(80,552)</b>	<b>(83,026)</b>	<b>3,400,206</b>

## 10. Changes in group composition

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

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## 11. Capital commitments

	31.12.2011	31.12.2010
	RM'000	RM'000
Property, plant and equipment		
Authorised but not contracted for	10,841	6,779
Contracted but not provided for	2,560	2,585
	<u>13,401</u>	<u>9,364</u>

## 12. Operating leases

### Leases as lessee

Total future minimum lease payments under non-cancellable operating leases are as follows:

	31.12.2011	31.12.2010
	RM'000	RM'000
Less than one year	680	949
Between one and five years	522	897
	<u>1,202</u>	<u>1,846</u>

The Company leases a number of offices under operating leases. The leases typically run for a period of 1-5 years, with an option to renew the lease after that date. None of the leases includes contingent rentals.

### Leases as lessor

The Company leases out its investment property under operating leases. The future minimum lease receipts under non-cancellable leases are as follows:

	31.12.2011	31.12.2010
	RM'000	RM'000
Less than one year	168	49
Between one and five years	203	-
	<u>371</u>	<u>49</u>

## 13. Changes in contingent liabilities

There were no contingent liabilities as at the date of this report.



#### 14. Debt and equity securities

There were no issuance, repurchase and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the financial period under review.

#### 15. Regulatory capital requirement

The capital structure of the Company as at 31 Dec 2011, as prescribed under the RBC Framework is provided below:

	31.12.2011	31.12.2010
	RM'000	RM'000
<b>Tier 1 Capital</b>		
Paid up share capital	236,600	236,600
Reserves, including retained earnings	490,940	401,816
Capital instruments which qualifies as Tier 1 Capital	401,790	476,347
	<u>1,129,330</u>	<u>1,114,763</u>
<b>Tier 2 Capital</b>		
Revaluation reserves	2,575	962
Available-for-sale reserves	67,112	52,419
	<u>69,687</u>	<u>53,381</u>
<b>Amount deducted from Capital</b>	<u>(1,272)</u>	<u>(1,393)</u>
<b>Total Capital Available</b>	<u><u>1,197,745</u></u>	<u><u>1,166,751</u></u>

#### 16. Subsequent events

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

#### 17. Dividend

No dividend has been proposed or declared during the year under review (2010: Nil).

## 18. Insurance funds

The Company's activities are organised by funds and segregated into life and shareholders' funds in accordance with the Insurance Act, 1996 and Insurance Regulations, 1996.

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

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

### Interim statement of financial position by funds

As at 31 December

	Shareholders' Funds		Life Fund		Total	
	31.12.2011 RM'000	31.12.2010 RM'000	31.12.2011 RM'000	31.12.2010 RM'000	31.12.2011 RM'000	31.12.2010 RM'000
<b>Assets</b>						
Property, plant and equipment	-	-	20,122	16,773	20,122	16,773
Investment properties	-	-	2,990	2,650	2,990	2,650
Intangible assets	-	-	125	171	125	171
Investments	225,797	176,447	3,289,650	2,728,120	3,515,447	2,904,567
Reinsurance assets	-	-	83,026	81,080	83,026	81,080
Insurance receivables	-	-	48,775	41,958	48,775	41,958
Other receivables, deposits and prepayments	20,016	17,498	40,086	58,773	60,102	76,271
Current tax assets	(6,299)	-	9,053	-	2,754	-
Cash and cash equivalents	6,230	31,776	296,181	195,442	302,411	227,218
<b>Total assets</b>	<b>245,744</b>	<b>225,721</b>	<b>3,790,008</b>	<b>3,124,967</b>	<b>4,035,752</b>	<b>3,350,688</b>
<b>Equity, policyholders' funds and liabilities</b>						
<b>Total equity</b>	<b>244,846</b>	<b>224,812</b>	<b>-</b>	<b>-</b>	<b>244,846</b>	<b>224,812</b>
<b>Liabilities</b>						
Insurance contract liabilities	-	-	3,483,232	2,849,319	3,483,232	2,849,319
Deferred tax liabilities	841	237	7,560	6,011	8,401	6,248
Other financial liabilities	-	-	1,463	1,582	1,463	1,582
Insurance payable	-	-	84,991	73,888	84,991	73,888
Other payables and accruals	57	48	144,189	134,333	144,246	134,381
Benefits and claims liabilities	-	-	68,573	59,545	68,573	59,545
Current tax liabilities	-	624	-	289	-	913
<b>Total liabilities</b>	<b>898</b>	<b>909</b>	<b>3,790,008</b>	<b>3,124,967</b>	<b>3,790,906</b>	<b>3,125,876</b>
<b>Total equity, policyholders' funds and liabilities</b>	<b>245,744</b>	<b>225,721</b>	<b>3,790,008</b>	<b>3,124,967</b>	<b>4,035,752</b>	<b>3,350,688</b>

**18. Insurance funds (continued)****Interim income statement/Revenue accounts by funds****For the year ended 31 December**

	Shareholders' Funds		Life Fund		Total	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010	31.12.2011	31.12.2010
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Operating revenue</b>	<u>8,699</u>	<u>5,236</u>	<u>1,286,337</u>	<u>1,140,048</u>	<u>1,295,036</u>	<u>1,145,284</u>
Gross earned premiums	-	-	1,143,710	1,029,459	1,143,710	1,029,459
Premiums ceded to reinsurers	-	-	(67,630)	(64,147)	(67,630)	(64,147)
<b>Net premiums</b>	<u>-</u>	<u>-</u>	<u>1,076,080</u>	<u>965,312</u>	<u>1,076,080</u>	<u>965,312</u>
Investment income	8,699	5,235	142,627	110,590	151,326	115,825
Realised gains and losses	292	(605)	32,546	37,276	32,838	36,671
Fair value gains and losses	-	-	(205)	195	(205)	195
Fee and commission income	-	-	6,238	7,498	6,238	7,498
Other operating income	-	-	4,544	6,211	4,544	6,211
<b>Other revenue</b>	<u>8,991</u>	<u>4,630</u>	<u>185,750</u>	<u>161,770</u>	<u>194,741</u>	<u>166,400</u>
Gross benefits and claims paid	-	-	(297,108)	(282,184)	(297,108)	(282,184)
Claims ceded to reinsurers	-	-	51,712	45,089	51,712	45,089
Gross change to contract liabilities	-	-	(619,418)	(534,600)	(619,418)	(534,600)
Change in contract liabilities ceded to reinsurers	-	-	1,945	9,476	1,945	9,476
<b>Net benefits and claims</b>	<u>-</u>	<u>-</u>	<u>(862,869)</u>	<u>(762,219)</u>	<u>(862,869)</u>	<u>(762,219)</u>
Fee and commission expense	-	-	(272,106)	(255,471)	(272,106)	(255,471)
Management expenses	(709)	(9)	(86,079)	(71,995)	(86,788)	(72,004)
Other operating expenses	(13)	(18)	(9,341)	(10,975)	(9,354)	(10,993)
<b>Other expenses</b>	<u>(722)</u>	<u>(27)</u>	<u>(367,526)</u>	<u>(338,441)</u>	<u>(368,248)</u>	<u>(338,468)</u>
<b>Transfer from Revenue Accounts</b>	<u>18,000</u>	<u>15,000</u>	<u>(18,000)</u>	<u>(15,000)</u>	<u>-</u>	<u>-</u>
<b>Profit/Surplus before tax</b>	<u>26,269</u>	<u>19,603</u>	<u>13,435</u>	<u>11,422</u>	<u>39,704</u>	<u>31,025</u>
Tax expense	(8,046)	(5,059)	(13,435)	(11,422)	(21,481)	(16,481)
<b>Net profit/surplus after tax</b>	<u>18,223</u>	<u>14,544</u>	<u>-</u>	<u>-</u>	<u>18,223</u>	<u>14,544</u>

**18. Insurance funds (continued)****Interim statement of financial position for Investment-linked funds****As at 31 December**

	<b>31.12.2011</b>	<b>31.12.2010</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Assets</b>		
Investments	277,833	249,586
Other receivables, deposits and prepayments	6,592	7,274
Cash and cash equivalents	35,945	30,492
<b>Total assets</b>	<u>320,370</u>	<u>287,352</u>
<b>Liabilities</b>		
Deferred tax liabilities	1,043	1,102
Other payables and accruals	103	124
Benefits and claims liabilities	4,102	11,247
Current tax liabilities	156	2
<b>Total liabilities</b>	<u>5,404</u>	<u>12,475</u>
<b>Net asset value of funds</b>	<u><u>314,966</u></u>	<u><u>274,877</u></u>

**Interim income statement for Investment-linked funds****For the year ended 31 December**

	<b>31.12.2011</b>	<b>31.12.2010</b>
	<b>RM'000</b>	<b>RM'000</b>
Investment income	12,080	9,415
Realised gains and losses	6,726	20,927
Fair value gain and losses	(792)	1,320
Other operating income	834	2,895
	<u>18,848</u>	<u>34,557</u>
Other operating expenditure	<u>(3,289)</u>	<u>(5,874)</u>
Profit before taxation	15,559	28,683
Tax expense	<u>(1,216)</u>	<u>(2,445)</u>
<b>Net profit for the year</b>	<u><u>14,343</u></u>	<u><u>26,238</u></u>