

ALLIANZ LIFE INSURANCE MALAYSIA BERHAD

(Company No. 104248-X)

(Incorporated in Malaysia)

Condensed Unaudited Interim Financial Statements
for the half-year ended 30 June 2012

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)
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Condensed interim statement of financial position
As at 30 June 2012 - unaudited

	Note	30.06.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Assets				
Property, plant and equipment	6	21,019	20,122	16,773
Investment properties		2,990	2,990	2,650
Intangible assets		102	125	171
Investments	7	3,840,464	3,524,035	2,913,924
Reinsurance assets	8	86,376	83,026	81,080
Insurance receivables		47,727	48,775	41,958
Other receivables, deposits and prepayments		45,054	60,102	76,271
Current tax assets		528	2,862	-
Cash and cash equivalents		373,552	302,411	227,218
Total assets		<u>4,417,812</u>	<u>4,044,448</u>	<u>3,360,045</u>
Equity, policyholders' funds and liabilities				
Share capital		236,600	236,600	236,600
Fair value reserve		1,963	2,619	827
Asset revaluation reserve		794	794	300
Retained earnings		277,281	249,927	199,996
Total equity		<u>516,638</u>	<u>489,940</u>	<u>437,723</u>
Liabilities				
Insurance contract liabilities	9	3,514,569	3,164,735	2,574,226
Deferred tax liabilities		100,237	90,500	77,833
Other financial liabilities		7,194	1,463	1,582
Insurance payables		61,134	84,991	73,888
Other payables and accruals		129,840	144,246	134,381
Benefits and claims liabilities		88,200	68,573	59,545
Current tax liabilities		-	-	867
Total liabilities		<u>3,901,174</u>	<u>3,554,508</u>	<u>2,922,322</u>
Total equity, policyholders' funds and liabilities		<u>4,417,812</u>	<u>4,044,448</u>	<u>3,360,045</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 profit and loss
For the half-year ended 30 June 2012 - unaudited**

	Individual Period		Cumulative Period	
	Current Year Half-yearly 30.6.2012 RM'000	Preceding Year Corresponding Half-yearly 30.6.2011 RM'000	Current Year Half-yearly 30.6.2012 RM'000	Preceding Year Corresponding Half-yearly 30.6.2011 RM'000
Operating revenue	<u>706,077</u>	<u>623,466</u>	<u>706,077</u>	<u>623,466</u>
Gross earned premiums	621,603	552,627	621,603	552,627
Premiums ceded to reinsurers	<u>(35,311)</u>	<u>(34,919)</u>	<u>(35,311)</u>	<u>(34,919)</u>
Net earned premiums	<u>586,292</u>	<u>517,708</u>	<u>586,292</u>	<u>517,708</u>
Investment income	84,474	70,839	84,474	70,839
Realised gains and losses	25,665	38,106	25,665	38,106
Fair value gains and losses	19,092	13,774	19,092	13,774
Fee and commission income	2,438	4,243	2,438	4,243
Other operating income	<u>2,312</u>	<u>2,768</u>	<u>2,312</u>	<u>2,768</u>
Other revenue	<u>133,981</u>	<u>129,730</u>	<u>133,981</u>	<u>129,730</u>
Gross benefits and claims paid	(184,733)	(130,053)	(184,733)	(130,053)
Claims ceded to reinsurers	34,060	24,272	34,060	24,272
Gross change to contract liabilities	<u>(338,644)</u>	<u>(344,997)</u>	<u>(338,644)</u>	<u>(344,997)</u>
Change in contract liabilities ceded to to reinsurers	<u>3,350</u>	<u>15,606</u>	<u>3,350</u>	<u>15,606</u>
Net benefits and claims	<u>(485,967)</u>	<u>(435,172)</u>	<u>(485,967)</u>	<u>(435,172)</u>
Fee and commission expense	(134,033)	(130,498)	(134,033)	(130,498)
Management expenses	(49,631)	(42,614)	(49,631)	(42,614)
Other operating expenses	<u>(5,115)</u>	<u>(5,373)</u>	<u>(5,115)</u>	<u>(5,373)</u>
Other expenses	<u>(188,779)</u>	<u>(178,485)</u>	<u>(188,779)</u>	<u>(178,485)</u>
Profit before tax	45,527	33,781	45,527	33,781
Tax expense	<u>(18,173)</u>	<u>(15,360)</u>	<u>(18,173)</u>	<u>(15,360)</u>
Net profit for the year	<u>27,354</u>	<u>18,421</u>	<u>27,354</u>	<u>18,421</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 half-year ended 30 June 2012 - unaudited**

	Individual Period		Cumulative Period	
	Current Year Half-yearly 30.6.2012 RM'000	Preceding Year Corresponding Half-yearly 30.6.2011 RM'000	Current Year Half-yearly 30.6.2012 RM'000	Preceding Year Corresponding Half-yearly 30.6.2011 RM'000
Net profit for the year attributable to owners of the Company	27,354	18,421	27,354	18,421
Other comprehensive income:				
Available-for-sale fair value reserve	(851)	568	(851)	568
Tax effects thereon	195	(141)	195	(141)
Other comprehensive income for the year, net of tax	(656)	427	(656)	427
Total comprehensive income for the year attributable to owners of the Company	26,698	18,848	26,698	18,848

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

ALLIANZ LIFE INSURANCE MALAYSIA BERHAD

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Condensed interim statement of changes in equity**For the half-year ended 30 June 2012 - unaudited**

	← <i>Non-distributable</i> →			← <i>Distributable</i> →		
	Share capital RM'000	Fair value reserve RM'000	Asset revaluation reserve RM'000	Non Participating Fund Surplus* RM'000	Retained earnings RM'000	Total equity RM'000
At 1 January 2011 as previously stated	236,600	711	-	-	(12,499)	224,812
Effects of adopting MFRS	-	116	300	212,495		212,911
At 1 January 2011 as restated	<u>236,600</u>	<u>827</u>	<u>300</u>	<u>212,495</u>	<u>(12,499)</u>	<u>437,723</u>
At 1 January 2011 as restated	236,600	827	300	212,495	(12,499)	437,723
Fair value of available-for sale financial assets	-	427	-	-	-	427
Total other comprehensive income for the period	-	427	-	-	-	427
Profit for the period	-	-	-	15,315	3,106	18,421
Total comprehensive income for the period	-	427	-	15,315	3,106	18,848
At 30 June 2011	<u>236,600</u>	<u>1,254</u>	<u>300</u>	<u>227,810</u>	<u>(9,393)</u>	<u>456,571</u>
At 31 December 2011/1 January 2012 as restated	236,600	2,619	794	244,203	5,724	489,940
Fair value of available-for sale financial assets	-	(656)	-	-	-	(656)
Total other comprehensive income for the period	-	(656)	-	-	-	(656)
Profit for the period	-	-	-	22,240	5,114	27,354
Total comprehensive income for the period	-	(656)	-	22,240	5,114	26,698
At 30 June 2012	<u>236,600</u>	<u>1,963</u>	<u>794</u>	<u>266,443</u>	<u>10,838</u>	<u>516,638</u>

* The non participating fund amount is net of deferred tax. This amount is only distributable upon the annual recommendation by the Appointed Actuary to transfer the life fund surplus to shareholders' fund.

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

ALLIANZ LIFE INSURANCE MALAYSIA BERHAD

(Company No. 104248- X)

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Condensed interim statement of cash flow**For the half-year ended 30 June 2012 - unaudited**

	30.6.2012	30.6.2011
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	45,527	33,781
Investment income	(84,474)	(70,839)
Interest expense	1,138	1,039
Realised gains recorded in income statement	(25,665)	(38,160)
Fair value on investments recorded in income statement	(19,092)	(13,774)
Purchases of financial investments	(801,681)	(710,716)
Maturity of financial investments	66,074	57,428
Proceeds from sale of financial investments	475,883	401,201
Change in LAR	(146)	5,155
Unrealised foreign exchange gain	(84)	(956)
Non-cash items:		
(Increase)/decrease in fair value changes	(11,190)	2,594
Allowance for impairment loss on receivables	84	16
Amortisation of intangible assets	23	23
Depreciation of property, plant and equipment	1,175	844
Loss on disposal of property, plant and equipment	-	54
Property, plant and equipment written off	-	850
Changes in working capital:		
Change in reinsurance assets	(3,350)	(15,606)
Change in insurance receivables	1,267	(2,778)
Change in other receivables, deposits and prepayments	13,607	29,804
Change in contract liabilities	349,833	342,402
Change in other financial liabilities	5,731	-
Change in insurance payables	(23,857)	(14,951)
Change in other payable	(14,406)	(13,575)
Change in benefits and claims liabilities	19,627	(420)
Cash used in operating activities	(3,976)	(6,584)

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Condensed interim statement of cash flow**For the half-year ended 30 June 2012 - unaudited****(continued)**

	30.6.2012	30.6.2011
	RM'000	RM'000
Tax paid	(6,878)	(3,995)
Dividend received	8,944	7,035
Coupon interest received	72,489	60,365
Other income received	2,586	2,281
Rental income on investment properties received	48	48
Net cash generated from operating activities	<u>73,213</u>	<u>59,150</u>
Investing activities		
Proceeds from disposal of property, plant and equipment	1	60
Acquisition of property, plant and equipment	(2,073)	(3,161)
Net cash used in investing activities	<u>(2,072)</u>	<u>(3,101)</u>
Net increase in cash and cash equivalents	71,141	56,049
Cash and cash equivalents at 1 January	302,411	227,218
Cash and cash equivalents at 30 June	<u><u>373,552</u></u>	<u><u>283,267</u></u>
Cash and cash equivalent comprises:		
Fixed and call deposits with licensed banks		
(with maturity less than three months):	359,197	270,476
Cash and bank balances	14,355	12,791
	<u><u>373,552</u></u>	<u><u>283,267</u></u>

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Notes to the interim financial statements**1) Basis of preparation**

These condensed consolidated half-yearly financial statements of the Company as at and for the half year ended 30 June 2012 have been prepared in accordance with the requirements of Malaysian Financial Reporting Standard ("MFRS") 134: Interim Financial Reporting.

They do not include all of the information required for full annual financial statements, and should be read in conjunction with the financial statements of the Company as at and for the year ended 31 December 2011.

These are the Company's condensed financial statements for part of the period covered by the Company's first MFRS framework annual financial statements and MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards has been applied. An explanation of how the transition to MFRS has affected the reported equity and financial performance of the Company is provided in Note 2.

2) Changes in accounting policies

Except as described below, the accounting policies applied by the Company in these condensed financial statements are the same as those applied by the Company in its annual financial statements as at and for the year ended 31 December 2011.

2.1 Bank Negara Malaysia ("BNM") Guideline - BNM/RH/GL 003-28, Financial Reporting for Insurers

In line with the convergence of Financial Reporting Standards to MFRS in 2012, BNM has issued revised Financial Reporting Guidelines for Insurers (BNM/RH/GL 003-28) ("Revised Guidelines") on 21 February 2012 for insurers to comply with the adoption of financial reporting standards approved by the Malaysian Accounting Standards Board ("MASB").

The Revised Guidelines require actuarial liabilities, unallocated surplus and fair value/revaluation reserves of life insurance contract liabilities with discretionary participating features to be presented as liabilities in the insurers' statement of financial position.

Arising from the Revised Guidelines, non participating surplus of the life insurance business which was retained within the life insurance fund and not transferred to the shareholders' fund was recognized as income in the Statement of Profit or Loss and retained earnings in the Statement of Changes in Equity.

Upon transition to MFRS, the Company elected to designate certain financial investments as fair value through profit or loss. Previous gains or losses on financial investments that have been recognised in other comprehensive income were reclassified from equity to retained earnings.

2) Changes in accounting policies (continued)

2.1 BNM Guideline - BNM/RH/GL 003-28, Financial Reporting for Insurers (continued)

Condensed statement of financial position

	As at 31.12.2011 RM'000	Effect of transition to MFRS RM'000	As at 31.12.2011 restated RM'000
Total assets			
Investments	3,515,447	8,588	3,524,035
Current tax assets	2,754	108	2,862
Equity			
Fair value reserve	2,522	97	2,619
Asset revaluation reserve	-	794	794
Retained earnings	5,724	244,203	249,927
Total liabilities			
Insurance contract liabilities	3,483,232	(318,497)	3,164,735
Deferred tax liabilities	8,401	82,099	90,500

Condensed statement of profit or loss for the period ended 30 June 2011

	RM'000
Profit after tax as previously reported under FRS	3,106
Effect of transition to MFRS	15,315
Restated profit after tax reported under MFRS	18,421

Condensed statement of changes in equity

	As at 30.6.2011 RM'000	Effect of transition to MFRS RM'000	As at 30.6.2011 restated RM'000
Non-Distributable			
Fair value reserve	1,137	117	1,254
Asset revaluation reserve	-	300	300
Non par fund unallocated surplus	-	227,810	227,810

2) Changes in accounting policies (continued)

2.1 BNM Guideline - BNM/RH/GL 003-28, Financial Reporting for Insurers (continued)

Condensed statement of changes in equity

	As at 31.12.2011 RM'000	Effect of transition to MFRS RM'000	As at 31.12.2011 restated RM'000
Non-Distributable			
Fair value reserve	2,522	97	2,619
Asset revaluation reserve	-	794	794
Non par fund unallocated surplus	-	244,203	244,203

2.2 MFRS, Amendments to MFRS and IC Interpretation issued but not yet effective

At the date of authorization of these interim financial statements, the following MFRS, Amendments to MFRS and Issues Committee ("IC") Interpretation were issued but not yet effective and have not been applied by the Company:

MFRS, Amendments to MFRS and IC Interpretation		Effective for annual periods beginning on or after
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009 and October 2010)	1 January 2015
MFRS 10	Consolidated Financial Statements	1 January 2013
MFRS 11	Joint Arrangement	1 January 2013
MFRS 12	Disclosure of Interests in Other Entities	1 January 2013
MFRS 13	Fair Value Measurement	1 January 2013
MFRS 119	Employee Benefits	1 January 2013
MFRS 127	Separate Financial Statements	1 January 2013
MFRS 128	Investments in Associates and Joint Ventures	1 January 2013
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendments to MFRS 7	Disclosures - Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to MFRS 101	Presentation of Items of Other Comprehensive Income	1 July 2012
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014

Notes to the interim financial statements (continued)**3. Items of an unusual nature**

The results of the Company for the 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 the basis used for accounting estimates for the current period under review.

5. Seasonal or cyclical factors

The operations of the Company for the 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 statements for the year ended 31 December 2011.

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7. Investments

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

	Current			Non-current			Total		
	30.6.2012	31.12.2011	1.1.2011	30.6.2012	31.12.2011	1.1.2011	30.6.2012	31.12.2011	1.1.2011
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Held-to-maturity financial assets ("HTM")	46,901	-	-	954,818	791,776	605,115	1,001,719	791,776	605,115
Available-for-sale financial assets ("AFS")	546,907	517,659	435,979	-	-	-	546,907	517,659	435,979
Loans and receivables ("LAR")	77,255	77,105	74,215	190,070	190,074	197,179	267,325	267,179	271,394
Fair value through profit and loss - Held-for-trading ("HFT")	427,472	353,652	266,624	-	-	-	427,472	353,652	266,624
Fair value through profit and loss - Designated upon initial recognition	1,597,041	1,593,769	1,334,812	-	-	-	1,597,041	1,593,769	1,334,812
	<u>2,695,576</u>	<u>2,542,185</u>	<u>2,111,630</u>	<u>1,144,888</u>	<u>981,850</u>	<u>802,294</u>	<u>3,840,464</u>	<u>3,524,035</u>	<u>2,913,924</u>

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7. Investments (continued)

	Amortised cost 30.6.2012 RM'000	Fair value 30.6.2012 RM'000	Amortised cost 31.12.2011 RM'000	Fair value 31.12.2011 RM'000	Amortised cost 1.1.2011 RM'000	Fair value 1.1.2011 RM'000
Held-to-maturity						
Government guaranteed loans	564,040	582,310	495,277	514,782	360,123	369,504
Commercial loans	327,985	344,509	186,838	196,955	125,391	133,490
Mortgage loans	109,694	112,798	109,661	113,009	119,601	121,733
	<u>1,001,719</u>	<u>1,039,617</u>	<u>791,776</u>	<u>824,746</u>	<u>605,115</u>	<u>624,727</u>

	← Fair value →		
	30.6.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Available-for-sale			
Malaysian government securities	74,259	110,464	81,187
Malaysian government guaranteed bonds	31,991	31,819	3,476
Ringgit-denominated bonds by foreign issuers in Malaysia	13,766	13,695	13,594
Quoted equity securities of corporations in Malaysia	266,246	215,655	204,045
Quoted equity securities of corporations outside Malaysia	-	-	15,911
Unquoted bonds of corporations in Malaysia	73,055	57,409	51,702
Quoted unit trusts in Malaysia	74,748	75,657	47,856
Unquoted unit trusts in Malaysia	-	375	384
Unquoted unit trusts outside Malaysia	8,508	8,270	10,897
Negotiate certificate deposits with other licensed financial institutions	-	-	2,608
Structured deposits with licensed banks	2,187	2,168	2,172
	<u>544,760</u>	<u>515,512</u>	<u>433,832</u>

	← Cost →		
	RM'000	RM'000	RM'000
Unquoted equity securities of corporations in Malaysia	2,147	2,147	2,147
	<u>2,147</u>	<u>2,147</u>	<u>2,147</u>
Total available-for-sale financial investments	<u>546,907</u>	<u>517,659</u>	<u>435,979</u>

	Amortised cost 30.6.2012 RM'000	Fair value 30.6.2012 RM'000	Amortised cost 31.12.2011 RM'000	Fair value 31.12.2011 RM'000	Amortised cost 1.1.2011 RM'000	Fair value 1.1.2011 RM'000
Loans and receivables						
Government guaranteed loans	190,000	190,000	190,000	190,000	190,000	190,000
Commercial loans	-	-	-	-	7,097	7,097
Mortgage loans	85	85	89	89	97	97
Policy loans	11,311	11,311	10,602	10,602	9,819	9,819
Automatic premium loans	55,624	55,624	51,810	51,810	44,241	44,241
Fixed and call deposits with licensed banks	10,305	10,305	14,678	14,678	20,140	20,140
	<u>267,325</u>	<u>267,325</u>	<u>267,179</u>	<u>267,179</u>	<u>271,394</u>	<u>271,394</u>

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7. Investments (continued)

	← Fair value →		
	30.6.2012	31.12.2011	1.1.2011
	RM'000	RM'000	RM'000
Held-for-trading			
Malaysian government securities	55,102	32,431	7,636
Malaysian government guaranteed bonds	22,637	15,197	-
Ringgit-denominated bonds by foreign issuers in Malaysia	5,274	5,163	5,018
Quoted equity securities of corporations in Malaysia	182,968	164,753	136,431
Quoted bonds of corporations in Malaysia	-	-	775
Unquoted bonds of corporations in Malaysia	101,640	90,340	67,724
Commercial loan	-	-	128
Quoted unit trusts in Malaysia	5,211	1,574	232
Unquoted unit trusts outside Malaysia	14,110	14,964	19,105
Negotiable certificate deposits with other licensed financial institutions	-	-	554
Equity put option	826	-	-
Interest rate swap	10,079	-	-
Structured deposits with licensed banks	29,625	29,230	29,021
	<u>427,472</u>	<u>353,652</u>	<u>266,624</u>

	← Fair value →		
	30.6.2012	31.12.2011	1.1.2011
	RM'000	RM'000	RM'000
Designated upon initial recognition			
Malaysian government securities	525,804	456,537	343,104
Malaysian government guaranteed bonds	89,440	88,418	61,425
Ringgit-denominated bonds by foreign issuers in Malaysia	63,081	62,604	63,945
Quoted bonds of corporations in Malaysia	-	-	3,023
Unquoted bonds of corporations in Malaysia	793,335	841,216	793,492
Negotiable certificate deposits with other licensed financial institutions	-	-	12,035
Structured deposits with licensed banks	125,381	144,994	57,788
	<u>1,597,041</u>	<u>1,593,769</u>	<u>1,334,812</u>

8. Reinsurance assets

	30.6.2011	31.12.2011	1.1.2011
	RM'000	RM'000	RM'000
Reinsurance of insurance contracts			
Actuarial liabilities			
- Current	8,774	5,258	4,185
- Non-current	77,602	77,768	76,895
	<u>86,376</u>	<u>83,026</u>	<u>81,080</u>

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9. Insurance contract liabilities

	30.6.2012			31.12.2011			1.1.2011		
	Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000
Actuarial liabilities	2,922,538	(86,376)	2,836,162	2,615,884	(83,026)	2,532,858	2,107,457	(81,080)	2,026,377
Unallocated surplus	198,472	-	198,472	205,089	-	205,089	157,717	-	157,717
Available-for-sale fair value reserves	38,205	-	38,205	27,015	-	27,015	33,513	-	33,513
Net asset value attributable to unitholders	353,573	-	353,573	314,966	-	314,966	274,877	-	274,877
Assets revaluation reserve	1,781	-	1,781	1,781	-	1,781	662	-	662
	3,514,569	(86,376)	3,428,193	3,164,735	(83,026)	3,081,709	2,574,226	(81,080)	2,493,146

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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	
At 1 January 2011	1,715,431	858,795	2,574,226	(2,154)	(78,926)	(81,080)	2,493,146
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)	(261,402)	(358,186)	2,571	3,666	6,238	(351,948)
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	(7,006)	-	(7,006)	-	-	-	(7,006)
Assets revaluation reserve	1,200	-	1,200	-	-	-	1,200
Unallocated surplus	47,372	-	47,372	-	-	-	47,372
Deferred tax effects:							-
Available-for-sale fair value reserves	508	-	508	-	-	-	508
Assets revaluation reserve	(81)	-	(81)	-	-	-	(81)
At 31 Dec 2011	2,141,177	1,023,558	3,164,735	(2,474)	(80,553)	(83,026)	3,081,709

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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	
At 1 January 2012	2,141,177	1,023,558	3,164,735	(2,474)	(80,553)	(83,027)	3,081,708
Premium received	243,607	377,996	621,603	(3,755)	(31,556)	(35,311)	586,292
Liabilities paid for death, maturities, surrenders, benefits and claims	(50,963)	(133,770)	(184,733)	3,635	30,425	34,060	(150,673)
Benefits and claims experience variation	71,185	(5,595)	65,590	(236)	(2,952)	(3,188)	62,402
Fees deducted	(40,177)	(143,482)	(183,659)	458	1,980	2,438	(181,221)
Credit of interest or change in unit-prices	3,520	-	3,520	-	-	-	3,520
Adjustments due to changes in assumptions	-	9,104	9,104	-	(1,348)	(1,348)	7,756
Net asset value attributable to unitholders	-	13,836	13,836	-	-	-	13,836
Available-for sale fair value reserves	12,163	-	12,163	-	-	-	12,163
Unallocated surplus	(6,617)	-	(6,617)	-	-	-	(6,617)
Deferred tax effects:							
Available-for-sale fair value reserves	(973)	-	(973)	-	-	-	(973)
At 30 June 2012	2,372,922	1,141,647	3,514,569	(2,372)	(84,004)	(86,376)	3,428,193

10. Changes in group composition

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

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11. Capital commitments

	30.6.2012	31.12.2011
	RM'000	RM'000
Property, plant and equipment:		
Authorised but not contracted for	9,722	10,841
Contracted but not provided for	1,530	2,560
	<u>11,252</u>	<u>13,401</u>

12. Operating leases**Leases as lessee**

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

	30.6.2012	31.12.2011
	RM'000	RM'000
Less than one year	1,307	680
Between one and five years	825	522
	<u>2,132</u>	<u>1,202</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:

	30.6.2012	31.12.2011
	RM'000	RM'000
Less than one year	239	168
Between one and five years	325	203
	<u>564</u>	<u>371</u>

13. Related party transactions

Significant related party transactions are as follows:

	Transactions value	
	Six months ended	
	30 June	
	2012	2011
	RM'000	RM'000
Related companies*		
Reinsurance premium and commission	<u>(29,837)</u>	<u>(23,588)</u>

* Related companies are companies within the Allianz SE group.

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14. Changes in contingent liabilities

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

15. 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.

16. Regulatory capital requirement

The capital available of the Company as at 30 June 2012, as prescribed under the RBC Framework is provided below:

	30.6.2012	31.12.2011
	RM'000	RM'000
Tier 1 Capital		
Paid up share capital	236,600	236,600
Reserves, including retained earnings	475,753	490,940
Capital instruments which qualifies as Tier 1 Capital	418,636	401,790
	<u>1,130,989</u>	<u>1,129,330</u>
Tier 2 Capital		
Revaluation reserves	2,575	2,575
Available-for-sale reserves	40,169	67,112
	<u>42,744</u>	<u>69,687</u>
Amount deducted from Capital	<u>87,960</u>	<u>(1,272)</u>
Total Capital Available	<u><u>1,261,693</u></u>	<u><u>1,197,745</u></u>

17. Subsequent events

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

18. Dividend

No dividend has been proposed or declared during the half year under review (30 June 2011: Nil).

19. 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

	Shareholders' Funds		Life Fund		Total	
	30.6.2012	31.12.2011	30.6.2012	31.12.2011	30.6.2012	31.12.2011
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Assets						
Property, plant and equipment	-	-	21,019	20,122	21,019	20,122
Investment properties	-	-	2,990	2,990	2,990	2,990
Intangible assets	-	-	102	125	102	125
Investments	212,709	225,797	3,627,755	3,298,238	3,840,464	3,524,035
Reinsurance assets	-	-	86,376	83,026	86,376	83,026
Insurance receivables	-	-	47,727	48,775	47,727	48,775
Other receivables, deposits and prepayments	1,977	20,016	43,077	40,086	45,054	60,102
Current tax assets/(liabilities)	(7,816)	(6,299)	8,344	9,161	528	2,862
Cash and cash equivalents	43,245	6,230	330,307	296,181	373,552	302,411
Total assets	250,115	245,744	4,167,697	3,798,704	4,417,812	4,044,448
Equity, policyholders' funds and liabilities						
Total equity	160,585	163,444	356,053	326,496	516,638	489,940
Liabilities						
Insurance contract liabilities	-	-	3,514,569	3,164,735	3,514,569	3,164,735
Deferred tax liabilities	89,469	82,243	10,768	8,257	100,237	90,500
Other financial liabilities	-	-	7,194	1,463	7,194	1,463
Insurance payable	-	-	61,134	84,991	61,134	84,991
Other payables and accruals	61	57	129,779	144,189	129,840	144,246
Benefits and claims liabilities	-	-	88,200	68,573	88,200	68,573
Total liabilities	89,530	82,300	3,811,644	3,472,208	3,901,174	3,554,508
Total equity, policyholders' funds and liabilities	250,115	245,744	4,167,697	3,798,704	4,417,812	4,044,448

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19. Insurance funds (continued)

Interim income statement/Revenue accounts by funds

For the half- year ended 30 June

	Shareholders' Funds		Life Fund		Total	
	30.6.2012 RM'000	30.6.2011 RM'000	30.6.2012 RM'000	30.6.2011 RM'000	30.6.2012 RM'000	30.6.2011 RM'000
Operating revenue	4,577	4,155	701,500	619,311	706,077	623,466
Gross earned premiums	-	-	621,603	552,627	621,603	552,627
Premiums ceded to reinsurers	-	-	(35,311)	(34,919)	(35,311)	(34,919)
Net premiums	-	-	586,292	517,708	586,292	517,708
Investment income	4,577	4,155	79,897	66,684	84,474	70,839
Realised gains and losses	2,257	1	23,382	38,105	25,665	38,106
Fair value gains and losses	-	-	19,092	13,774	19,092	13,774
Fee and commission income	-	-	2,438	4,243	2,438	4,243
Other operating income	-	-	2,312	2,768	2,312	2,768
Other revenue	6,834	4,156	127,121	125,574	133,981	129,730
Gross benefits and claims paid	-	-	(184,733)	(130,053)	(184,733)	(130,053)
Claims ceded to reinsurers	-	-	34,060	24,272	34,060	24,272
Gross change to contract liabilities	-	-	(338,644)	(344,997)	(338,644)	(344,997)
Change in contract liabilities ceded to reinsurers	-	-	3,350	15,606	3,350	15,606
Net benefits and claims	-	-	(485,967)	(435,172)	(485,967)	(435,172)
Fee and commission expense	-	-	(134,033)	(130,498)	(134,033)	(130,498)
Management expenses	(5)	(5)	(49,626)	(42,609)	(49,631)	(42,614)
Other operating expenses	(7)	(6)	(5,108)	(5,367)	(5,115)	(5,373)
Other expenses	(12)	(11)	(188,767)	(178,474)	(188,779)	(178,485)
Profit/Surplus before tax	6,822	4,145	38,679	29,636	45,527	33,781
Tax expense	(9,122)	(6,144)	(9,051)	(9,216)	(18,173)	(15,360)
Net profit/surplus after tax	(2,300)	(1,999)	29,628	20,420	27,354	18,421

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19. Insurance funds (continued)

Interim statement of financial position for Investment-linked funds

	30.6.2012 RM'000	31.12.2011 RM'000
Assets		
Investments	287,638	277,833
Other receivables, deposits and prepayments	5,559	6,592
Cash and cash equivalents	65,236	35,945
Total assets	<u>358,433</u>	<u>320,370</u>
Liabilities		
Deferred tax liabilities	1,334	1,043
Other payables and accruals	168	103
Benefits and claims liabilities	3,128	4,102
Current tax liabilities	230	156
Total liabilities	<u>4,860</u>	<u>5,404</u>
Net asset value of funds	<u><u>353,573</u></u>	<u><u>314,966</u></u>

Interim income statement for Investment-linked funds For the half- year ended 30 June

	30.6.2012 RM'000	30.6.2011 RM'000
Investment income	7,046	5,421
Realised gains and losses	5,182	7,053
Fair value gain and losses	4,553	4,939
Other operating income	87	960
	<u>16,868</u>	<u>18,373</u>
Other operating expenditure	(1,927)	(1,622)
Profit before taxation	14,941	16,751
Tax expense	(1,105)	(1,238)
Net profit for the year	<u><u>13,836</u></u>	<u><u>15,513</u></u>