

ALLIANZ LIFE INSURANCE MALAYSIA BERHAD

(Company No. 104248-X)

(Incorporated in Malaysia)

Condensed Unaudited Interim Financial Statements
for the period ended 30 June 2013

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 30 June 2013 - unaudited

	Note	30.06.2013 RM'000	31.12.2012 RM'000
Assets			
Property, plant and equipment	6	23,126	21,982
Investment properties		2,990	2,990
Intangible assets		48,027	80
Investments	7	4,784,136	4,328,797
Reinsurance assets	8	62,100	86,536
Insurance receivables		71,406	55,709
Other receivables, deposits and prepayments		51,934	55,973
Current tax assets		2,644	3,562
Cash and cash equivalents		284,959	307,693
Total assets		5,331,322	4,863,322
Equity, policyholders' funds and liabilities			
Share capital		236,600	236,600
Fair value reserve		2,071	2,340
Revaluation reserve		794	794
Retained earnings		317,429	302,877
Total equity		556,894	542,611
Liabilities			
Insurance contract liabilities	9	4,264,706	3,880,653
Insurance payables		79,343	90,132
Other financial liabilities		15,158	1,416
Other payables and accruals		148,990	156,615
Deferred tax liabilities		113,834	107,082
Benefits and claims liabilities		98,097	84,813
Subordinated loan		54,300	-
Total liabilities		4,774,428	4,320,711
Total equity, policyholders' funds and liabilities		5,331,322	4,863,322

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 period ended 30 June 2013 - unaudited**

	Individual Period		Cumulative Period	
	Current Year Half-yearly 30.06.2013 RM'000	Preceding Year Corresponding Half-yearly 30.06.2012 RM'000	Current Year Half-yearly 30.06.2013 RM'000	Preceding Year Corresponding Half-yearly 30.06.2012 RM'000
Operating revenue	<u>808,210</u>	<u>706,077</u>	<u>808,210</u>	<u>706,077</u>
Gross earned premiums	709,138	621,603	709,138	621,603
Premiums ceded to reinsurers	<u>(48,428)</u>	<u>(35,311)</u>	<u>(48,428)</u>	<u>(35,311)</u>
Net earned premiums	<u>660,710</u>	<u>586,292</u>	<u>660,710</u>	<u>586,292</u>
Investment income	99,072	84,474	99,072	84,474
Realised gains and losses	39,674	25,665	39,674	25,665
Fair value gains and losses	(646)	19,092	(646)	19,092
Fee and commission income	3,768	2,438	3,768	2,438
Other operating income	3,156	2,312	3,156	2,312
Other revenue	<u>145,024</u>	<u>133,981</u>	<u>145,024</u>	<u>133,981</u>
Gross benefits and claims paid	(207,919)	(184,733)	(207,919)	(184,733)
Claims ceded to reinsurers	40,203	34,060	40,203	34,060
Gross change to contract liabilities	(362,724)	(338,644)	(362,724)	(338,644)
Change in contract liabilities ceded to to reinsurers	<u>(24,436)</u>	<u>3,350</u>	<u>(24,436)</u>	<u>3,350</u>
Net benefits and claims	<u>(554,876)</u>	<u>(485,967)</u>	<u>(554,876)</u>	<u>(485,967)</u>
Fee and commission expense	(142,927)	(134,033)	(142,927)	(134,033)
Management expenses	(66,875)	(49,631)	(66,875)	(49,631)
Other operating expenses	<u>(10,569)</u>	<u>(5,115)</u>	<u>(10,569)</u>	<u>(5,115)</u>
Other expenses	<u>(220,371)</u>	<u>(188,779)</u>	<u>(220,371)</u>	<u>(188,779)</u>
Profit before tax	30,487	45,527	30,487	45,527
Tax expense	<u>(15,935)</u>	<u>(18,173)</u>	<u>(15,935)</u>	<u>(18,173)</u>
Net profit for the period	<u>14,552</u>	<u>27,354</u>	<u>14,552</u>	<u>27,354</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 or loss and other comprehensive income**For the period ended 30 June 2013 - unaudited**

	Individual Period		Cumulative Period	
	Current Year Half-yearly 30.06.2013 RM'000	Preceding Year Corresponding Half-yearly 30.06.2012 RM'000	Current Year Half-yearly 30.06.2013 RM'000	Preceding Year Corresponding Half-yearly 30.06.2012 RM'000
Net profit for the period attributable to owners of the Company	14,552	27,354	14,552	27,354
Other comprehensive income, net of tax Items that may be reclassified subsequently to profit or loss				
Available-for-sale fair value reserve	(368)	(851)	(368)	(851)
Tax effects thereon	99	195	99	195
	<u>(269)</u>	<u>(656)</u>	<u>(269)</u>	<u>(656)</u>
Total other comprehensive income for the period, net of tax	<u>(269)</u>	<u>(656)</u>	<u>(269)</u>	<u>(656)</u>
Total comprehensive income for the period attributable to owners of the Company	<u>14,283</u>	<u>26,698</u>	<u>14,283</u>	<u>26,698</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 period ended 30 June 2013 - unaudited**

	← <i>Non-distributable</i> →			← <i>Distributable</i> →		Total equity RM'000
	Share capital RM'000	Fair value reserve RM'000	Revaluation reserve RM'000	Non Participating Fund Surplus* RM'000	Retained earnings RM'000	
At 1 January 2012	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>
At 1 January 2013	236,600	2,340	794	279,419	23,458	542,611
Fair value of available-for sale financial assets	-	(269)	-	-	-	(269)
Total other comprehensive income for the period	-	(269)	-	-	-	(269)
Profit for the period	-	-	-	14,622	(70)	14,552
Total comprehensive income for the period	-	(269)	-	14,622	(70)	14,283
At 30 June 2013	<u>236,600</u>	<u>2,071</u>	<u>794</u>	<u>294,041</u>	<u>23,388</u>	<u>556,894</u>

* The non participating fund amount is net of deferred tax. This amount is only distributable when the surplus is transferred from Life fund to the Shareholders' fund.

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 cash flow
For the period ended 30 June 2013 - unaudited**

	30.06.2013	30.06.2012
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	30,487	45,527
Investment income	(99,072)	(84,474)
Interest expense	1,692	1,138
Realised gains recorded in profit or loss	(39,674)	(25,665)
Fair value on investments recorded in profit or loss	646	(19,092)
Purchases of financial investments	(795,819)	(801,681)
Maturity of financial investments	71,000	66,074
Proceeds from sale of financial investments	333,833	475,883
Change in loans and receivables ("LAR")	(5,421)	(146)
Non-cash items:		
Change in fair value of AFS financial assets	(21,330)	(11,190)
(Reversal of)/Allowance for impairment loss on receivables	(370)	84
Amortisation of intangible assets	2,547	23
Depreciation of property, plant and equipment	1,409	1,175
Interest expense on subordinated loan	1,172	-
Unrealised foreign exchange loss/(gain)	2,474	(84)
Changes in working capital:		
Change in reinsurance assets	24,436	(3,350)
Change in insurance receivables	(15,562)	1,267
Change in other receivables, deposits and prepayments	4,274	13,607
Change in contract liabilities	384,053	349,833
Change in other financial liabilities	13,742	5,731
Change in insurance payables	(10,789)	(23,857)
Change in other payables	(10,489)	(14,406)
Change in benefits and claims liabilities	13,284	19,627
Cash used in operating activities	(113,477)	(3,976)

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**Condensed interim statement of cash flow
For the period ended 30 June 2013 - unaudited
(continued)**

	30.06.2013	30.06.2012
	RM'000	RM'000
Tax paid	(10,015)	(6,878)
Dividend received	11,934	8,944
Coupon interest received	84,668	72,489
Other income received	2,860	2,586
Rental income on investment properties received	48	48
Net cash (used in)/generated from operating activities	<u>(23,982)</u>	<u>73,213</u>
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	-	1
Acquisition of property, plant and equipment	(2,556)	(2,073)
Acquisition of intangible assets	(50,496)	-
Net cash used in investing activities	<u>(53,052)</u>	<u>(2,072)</u>
Cash flows from financing activities		
Increase in subordinated loans	54,300	-
Net cash generated from financing activities	<u>54,300</u>	<u>-</u>
Net (decrease)/increase in cash and cash equivalents	(22,734)	71,141
Cash and cash equivalents at 1 January	<u>307,693</u>	<u>302,411</u>
Cash and cash equivalents at 30 June	<u><u>284,959</u></u>	<u><u>373,552</u></u>
Cash and cash equivalent comprises:		
Fixed and call deposits with licensed banks (with maturity less than three months):	263,388	359,197
Cash and bank balances	<u>21,571</u>	<u>14,355</u>
	<u><u>284,959</u></u>	<u><u>373,552</u></u>

ALLIANZ LIFE INSURANCE MALAYSIA BERHAD

(Company No. 104248- X)

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

These condensed interim financial statements of the Company as at and for the period ended 30 June 2013 have been prepared in accordance with Malaysian Financial Reporting Standard ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act, 1965, the Insurance Act, 1996 (repealed on 30 June 2013) and the Financial Services Act, 2013 (effective on 30 June 2013) in Malaysia.

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 2012.

2. Changes in accounting policies

The accounting policies and presentation 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 2012, except for the adoption of the following:

MFRSs and Amendments to MFRSs		Effective for annual periods beginning on or after
MFRS 13	Fair Value Measurement	1 January 2013
MFRS 119	Employee Benefits (2011)	1 January 2013
Amendments to MFRS 7	Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to MFRS 101	Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)	1 January 2013
Amendments to MFRS 116	Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)	1 January 2013
Amendments to MFRS 132	Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)	1 January 2013
Amendments to MFRS 134	Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)	1 January 2013

Material impacts of initial application of a standard or an amendment are discussed below:

MFRS 13, Fair Value Measurement

MFRS 13, Fair Value Measurement establishes the principles for fair value measurement and replaces the existing guidance in different MFRSs.

The initial application of the aforesaid applicable standards and amendments are not expected to have any material financial impacts to the current and prior periods financial statements upon their first adoption.

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Notes to the interim financial statements (continued)

2. Changes in accounting policies (continued)

Standards issued but not yet effective

MFRSs and Amendments to MFRSs		Effective for annual periods beginning on or after
Amendments to MFRS 132	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities	1 January 2014
MFRS 9	Financial Instruments (2009)	1 January 2015
MFRS 9	Financial Instruments (2010)	1 January 2015
Amendments to MFRS 7	Financial Instruments: Disclosures – Mandatory Effective Dates of MFRS 9 and Transition Disclosures	1 January 2015

The Company will adopt the above standards or amendments when they become effective in the respective financial periods. These standards or amendments are not expected to have any material effect to the financial statements of the Company upon their initial application.

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 the basis used for accounting estimates for the financial period under review.

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 statements for the year ended 31 December 2012.

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7. Investments

	30.06.2013	31.12.2012
	RM'000	RM'000
Malaysian government securities	1,255,827	1,220,247
Malaysian government guaranteed bonds	849,560	648,107
Ringgit denominated bonds by foreign issuers in Malaysia	181,690	191,736
Quoted equity securities of corporations in Malaysia	678,625	554,300
Unquoted equity securities of corporations in Malaysia	2,147	2,147
Unquoted bonds of corporations in Malaysia	1,267,089	1,135,306
Quoted unit trusts in Malaysia	64,139	84,025
Unquoted unit trusts in Malaysia	2,174	1,928
Unquoted unit trusts outside Malaysia	49,221	49,104
Put option	229	-
Forward starting interest rate swap	648	8,946
Structured deposits with licensed banks	150,200	155,785
Government guaranteed loans	190,000	190,000
Mortgage loans	75	80
Policy loans	12,589	12,098
Automatic premium loans	69,255	61,920
Fixed and call deposits with licensed banks	10,668	13,068
	<u>4,784,136</u>	<u>4,328,797</u>

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7. Investments (continued)

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

	Current		Non-current		Total	
	30.06.2013	31.12.2012	30.06.2013	31.12.2012	30.06.2013	31.12.2012
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Held-to-maturity financial assets ("HTM")	15,000	10,000	1,194,077	1,113,735	1,209,077	1,123,735
Available-for-sale financial assets ("AFS")	706,086	668,153	-	-	706,086	668,153
Loans and receivables ("LAR")	92,526	87,101	190,061	190,065	282,587	277,166
Fair value through profit and loss ("FVTPL")						
- Held for trading ("HFT")	706,441	556,496	-	-	706,441	556,496
- Designated upon initial recognition ("DUIR")	1,879,945	1,703,247	-	-	1,879,945	1,703,247
	3,399,998	3,024,997	1,384,138	1,303,800	4,784,136	4,328,797

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7. Investments (continued)

	Amortised cost 30.06.2013 RM'000	Fair value 30.06.2013 RM'000	Amortised cost 31.12.2012 RM'000	Fair value 31.12.2012 RM'000
Held-to-maturity				
Malaysian government securities	615,687	630,338	570,826	590,812
Malaysian government guaranteed bonds	493,633	513,909	443,189	464,204
Ringgit denominated bonds by foreign issuers in Malaysia	99,757	102,700	109,720	112,750
	<u>1,209,077</u>	<u>1,246,947</u>	<u>1,123,735</u>	<u>1,167,766</u>
			← Fair value →	
			30.06.2013 RM'000	31.12.2012 RM'000
Available-for-sale				
Malaysian government securities			79,940	76,870
Malaysian government guaranteed bonds			46,415	44,064
Ringgit denominated bonds by foreign issuers in Malaysia			13,710	13,745
Quoted equity securities of corporations in Malaysia			373,050	317,557
Unquoted bonds of corporations in Malaysia			92,139	98,069
Quoted unit trusts in Malaysia			59,884	77,251
Unquoted unit trusts in Malaysia			1,057	1,017
Unquoted unit trusts outside Malaysia			35,610	35,277
Structured deposits with licensed banks			2,134	2,156
			<u>703,939</u>	<u>666,006</u>
			← Cost →	
			RM'000	RM'000
Unquoted equity securities of corporations in Malaysia			2,147	2,147
			<u>2,147</u>	<u>2,147</u>
Total available-for-sale financial investments			<u>706,086</u>	<u>668,153</u>
	Amortised cost 30.06.2013 RM'000	Fair value 30.06.2013 RM'000	Amortised cost 31.12.2012 RM'000	Fair value 31.12.2012 RM'000
Loans and receivables				
Government guaranteed loans	190,000	190,000	190,000	190,000
Mortgage loans	75	75	80	80
Policy loans	12,589	12,589	12,098	12,098
Automatic premium loans	69,255	69,255	61,920	61,920
Fixed and call deposits with licensed banks	10,668	10,668	13,068	13,068
	<u>282,587</u>	<u>282,587</u>	<u>277,166</u>	<u>277,166</u>

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7. Investments (continued)**Carrying values of financial investments**

	HTM	AFS	LAR	HFT	DUIR	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At January 2012	791,776	507,621	267,179	353,652	1,603,807	3,524,035
Purchase/placements	368,635	533,617	11,926,888	428,600	370,966	13,628,706
Maturities	(37,000)	(61,000)	(11,916,901)	(20,000)	(148,760)	(12,183,661)
Disposals	-	(348,104)	-	(226,882)	(123,019)	(698,005)
Fair value gains/(losses) recorded in :						
Profit or loss						
-Unrealised gains/(losses)	-	-	-	20,894	(348)	20,546
-Unrealised foreign exchange gains	-	-	-	125	-	125
-Movement in impairment allowance	-	(5,204)	-	-	-	(5,204)
Insurance contract liabilities	-	41,384	-	-	-	41,384
Other comprehensive income	-	(352)	-	-	-	(352)
Amortisation of premiums	(729)	(225)	-	(219)	(2,791)	(3,964)
Accretion of discounts	1,053	416	-	326	3,392	5,187
At 31 December 2012	1,123,735	668,153	277,166	556,496	1,703,247	4,328,797

	HTM	AFS	LAR	HFT	DUIR	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At January 2013	1,123,735	668,153	277,166	556,496	1,703,247	4,328,797
Purchase/placements	95,220	109,445	2,397,471	262,157	328,997	3,193,290
Maturities	(10,000)	(8,500)	(2,392,050)	(9,500)	(43,000)	(2,463,050)
Disposals	-	(85,021)	-	(112,465)	(96,673)	(294,159)
Fair value gains/(losses) recorded in :						
Profit or loss						
-Unrealised gains/(losses)	-	-	-	12,194	(12,069)	125
-Unrealised foreign exchange loss	-	-	-	(2,474)	-	(2,474)
-Movement in impairment allowance	-	(771)	-	-	-	(771)
Insurance contract liabilities	-	23,184	-	-	-	23,184
Other comprehensive income	-	(368)	-	-	-	(368)
Amortisation of premiums	(367)	(109)	-	(139)	(1,597)	(2,212)
Accretion of discounts	489	73	-	172	1,040	1,774
At 30 June 2013	1,209,077	706,086	282,587	706,441	1,879,945	4,784,136

8. Reinsurance assets

	30.06.2013	31.12.2012
	RM'000	RM'000
Reinsurance of insurance contracts		
Actuarial liabilities		
- Current	54	6,717
- Non-current	62,046	79,819
	62,100	86,536

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9. Insurance contract liabilities

	30.06.2013			31.12.2012		
	Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000
Actuarial liabilities	3,546,572	(62,100)	3,484,472	3,239,571	(86,536)	3,153,035
Unallocated surplus	157,170	-	157,170	175,000	-	175,000
Available-for-sale fair value reserve	86,417	-	86,417	65,088	-	65,088
Net asset value attributable to unitholders	472,766	-	472,766	399,213	-	399,213
Revaluation reserve	1,781	-	1,781	1,781	-	1,781
	4,264,706	(62,100)	4,202,606	3,880,653	(86,536)	3,794,117

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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	2,141,178	1,023,557	3,164,735	(2,474)	(80,552)	(83,026)	3,081,709
Premiums received	482,118	827,451	1,309,569	(8,802)	(66,048)	(74,850)	1,234,719
Liabilities paid for death, maturities, surrenders, benefits and claims	(96,615)	(284,705)	(381,320)	6,814	60,095	66,909	(314,411)
Benefits and claims experience variation	(1,800)	(31,090)	(32,890)	1,379	2,267	3,646	(29,244)
Fees deducted	(78,283)	(319,103)	(397,386)	650	4,100	4,750	(392,636)
Expected interest on reserve/net investment income attributable to Universal Life Fund	119,489	28,147	147,636	(125)	(2,323)	(2,448)	145,188
Adjustments due to changes in assumptions	16,450	12,890	29,340	-	(1,517)	(1,517)	27,823
Net asset value attributable to unitholders	-	32,985	32,985	-	-	-	32,985
Available-for sale fair value reserve	41,384	-	41,384	-	-	-	41,384
Unallocated surplus	(30,089)	-	(30,089)	-	-	-	(30,089)
Deferred tax effects: Available-for-sale fair value reserve	(3,311)	-	(3,311)	-	-	-	(3,311)
At 31 December 2012	2,590,521	1,290,132	3,880,653	(2,558)	(83,978)	(86,536)	3,794,117

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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 2013	2,590,521	1,290,132	3,880,653	(2,558)	(83,978)	(86,536)	3,794,117
Premiums received	238,314	470,824	709,138	(4,484)	(43,944)	(48,428)	660,710
Liabilities paid for death, maturities, surrenders, benefits and claims	(51,539)	(156,380)	(207,919)	4,272	35,931	40,203	(167,716)
Benefits and claims experience variation	8,232	(14,869)	(6,637)	(221)	5,346	5,125	(1,512)
Fees deducted	(32,827)	(174,395)	(207,222)	767	3,001	3,768	(203,454)
Expected interest on reserve/net investment income attributable to Universal Life Fund	51,128	12,302	63,430	(129)	(2,477)	(2,606)	60,824
Adjustments due to changes in assumptions	16,005	(14,613)	1,392	2,353	24,021	26,374	27,766
Net asset value attributable to unitholders	-	28,372	28,372	-	-	-	28,372
Available-for sale fair value reserve	23,184	-	23,184	-	-	-	23,184
Unallocated surplus	(17,830)	-	(17,830)	-	-	-	(17,830)
Deferred tax effect: Available-for-sale fair value reserve	(1,855)	-	(1,855)	-	-	-	(1,855)
At 30 June 2013	2,823,333	1,441,373	4,264,706	-	(62,100)	(62,100)	4,202,606

10. Changes in group composition

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

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11. Capital commitments

	30.06.2013	31.12.2012
	RM'000	RM'000
Property, plant and equipment:		
Authorised but not contracted for	9,159	10,880
Contracted but not provided for	5,230	3,338
	<u>14,389</u>	<u>14,218</u>
Exclusive distribution agreement		
Contracted but not provided for	<u>-</u>	<u>50,495</u>

12. Operating leases**Leases as lessee**

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

	30.06.2013	31.12.2012
	RM'000	RM'000
Less than one year	1,126	1,278
Between one and five years	478	315
	<u>1,604</u>	<u>1,593</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 receivable under non-cancellable leases are as follows:

	30.06.2013	31.12.2012
	RM'000	RM'000
Less than one year	192	192
Between one and five years	124	220
	<u>316</u>	<u>412</u>

13. Related party transactions

Significant related party transactions are as follows:

	Transactions value	
	Six months ended	
	30 June	
	2013	2012
	RM'000	RM'000
Related companies*		
Reinsurance premium and commission	<u>(36,496)</u>	<u>(29,837)</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 2013, as prescribed under the RBC Framework is provided below:

	30.06.2013	31.12.2012
	RM'000	RM'000
Tier 1 Capital		
Paid up share capital	236,600	236,600
Reserves, including retained earnings	572,613	477,877
Capital instruments which qualifies as Tier 1 Capital	421,980	404,402
	<u>1,231,193</u>	<u>1,118,879</u>
Tier 2 Capital		
Revaluation reserve	2,575	2,575
Available-for-sale reserve	88,488	67,428
Subordinated term debts	55,472	-
	<u>146,535</u>	<u>70,003</u>
Amount deducted from Capital	<u>(49,109)</u>	<u>92,715</u>
Total Capital Available	<u><u>1,328,619</u></u>	<u><u>1,281,597</u></u>

17. 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.

18. Dividend

There was no dividend paid by the Company for the financial period under review (31 December 2012: Nil).

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19. 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 and , as well as Investment-linked products.

Interim statement of financial position by funds

	Shareholders' Funds		Life Fund		Total	
	30.06.2013	31.12.2012	30.06.2013	31.12.2012	30.06.2013	31.12.2012
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Assets						
Property, plant and equipment	-	-	23,126	21,982	23,126	21,982
Investment properties	-	-	2,990	2,990	2,990	2,990
Intangible assets	47,970	-	57	80	48,027	80
Investments	252,153	252,720	4,531,983	4,076,077	4,784,136	4,328,797
Reinsurance assets	-	-	62,100	86,536	62,100	86,536
Insurance receivables	-	-	71,406	55,709	71,406	55,709
Other receivables, deposits and prepayments	2,619	8,194	49,315	47,779	51,934	55,973
Current tax assets	1,555	1,528	1,089	2,034	2,644	3,562
Cash and cash equivalents	14,048	837	270,911	306,856	284,959	307,693
Total assets	318,345	263,279	5,012,977	4,600,043	5,331,322	4,863,322
Equity, policyholders' funds and liabilities						
Total equity	262,006	262,383	294,888	280,228	556,894	542,611
Liabilities						
Insurance contract liabilities	-	-	4,264,706	3,880,653	4,264,706	3,880,653
Insurance payables	-	-	79,343	90,132	79,343	90,132
Other financial liabilities	-	-	15,158	1,416	15,158	1,416
Other payables and accruals	1,307	66	147,683	156,549	148,990	156,615
Deferred tax liabilities	732	830	113,102	106,252	113,834	107,082
Benefits and claims liabilities	-	-	98,097	84,813	98,097	84,813
Subordinated loans	54,300	-	-	-	54,300	-
Total liabilities	56,339	896	4,718,089	4,319,815	4,774,428	4,320,711
Total equity, policyholders' funds and liabilities	318,345	263,279	5,012,977	4,600,043	5,331,322	4,863,322

19. Insurance funds (continued)**Interim statement of profit or loss by funds
For the period ended 30 June**

	Shareholders' Funds		Life Fund		Total	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Operating revenue	5,008	4,577	803,202	701,500	808,210	706,077
Gross earned premiums	-	-	709,138	621,603	709,138	621,603
Premiums ceded to reinsurers	-	-	(48,428)	(35,311)	(48,428)	(35,311)
Net premiums	-	-	660,710	586,292	660,710	586,292
Investment income	5,008	4,577	94,064	79,897	99,072	84,474
Realised gains and losses	-	2,257	39,674	23,408	39,674	25,665
Fair value gains and losses	-	-	(646)	19,092	(646)	19,092
Fee and commission income	-	-	3,768	2,438	3,768	2,438
Other operating income	-	-	3,156	2,312	3,156	2,312
Other revenue	5,008	6,834	140,016	127,147	145,024	133,981
Gross benefits and claims paid	-	-	(207,919)	(184,733)	(207,919)	(184,733)
Claims ceded to reinsurers	-	-	40,203	34,060	40,203	34,060
Gross change to contract liabilities	-	-	(362,724)	(338,644)	(362,724)	(338,644)
Change in contract liabilities ceded to reinsurers	-	-	(24,436)	3,350	(24,436)	3,350
Net benefits and claims	-	-	(554,876)	(485,967)	(554,876)	(485,967)
Fee and commission expense	-	-	(142,927)	(134,033)	(142,927)	(134,033)
Management expenses	(2,580)	(5)	(64,295)	(49,626)	(66,875)	(49,631)
Other operating expenses	(1,246)	(7)	(9,323)	(5,108)	(10,569)	(5,115)
Other expenses	(3,826)	(12)	(216,545)	(188,767)	(220,371)	(188,779)
Profit/Surplus before tax	1,182	6,822	29,305	38,705	30,487	45,527
Tax expense	(1,252)	(1,708)	(14,683)	(16,465)	(15,935)	(18,173)
Net profit/surplus after tax	(70)	5,114	14,622	22,240	14,552	27,354

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19. Insurance funds (continued)

Interim Investment -linked funds statement of assets and liabilities

	30.06.2013	31.12.2012
	RM'000	RM'000
Assets		
Financial investments	408,890	347,466
Interest and dividend receivables, and other receivables	1,419	6,808
Cash and cash equivalents	69,493	49,989
Total assets	<u>479,802</u>	<u>404,263</u>
Liabilities		
Deferred tax liabilities	3,177	1,787
Other payables	3,323	197
Benefits and claims liabilities	356	2,931
Current tax liabilities	180	135
Total liabilities	<u>7,036</u>	<u>5,050</u>
Net asset value of funds	<u><u>472,766</u></u>	<u><u>399,213</u></u>

Interim Investment-linked funds statement of income and expenditure For the period ended 30 June

	2013	2012
	RM'000	RM'000
Investment income	8,537	7,046
Realised gains and losses	9,867	5,182
Fair value gain and losses	17,569	4,553
Other operating income	3	87
	<u>35,976</u>	<u>16,868</u>
Other operating expenses	(5,018)	(1,927)
Profit before taxation	30,958	14,941
Tax expense	(2,586)	(1,105)
Net profit for the year	<u><u>28,372</u></u>	<u><u>13,836</u></u>