

ALLIANZ LIFE INSURANCE MALAYSIA BERHAD

(Company No. 104248-X)

(Incorporated in Malaysia)

Condensed Unaudited Interim Financial Statements
for the half-year ended 30 June 2014

ALLIANZ LIFE INSURANCE MALAYSIA BERHAD
(Company No. 104248- X)
(Incorporated in Malaysia)

Contents	Page
Statement of financial position	1
Statement of profit and loss	2
Statement of profit or loss and other comprehensive income	3
Statement of changes in equity	4
Statement of cash flows	5 - 6
Notes to the financial statements	7 - 22

ALLIANZ LIFE INSURANCE MALAYSIA BERHAD
 (Company No. 104248- X)
 (Incorporated in Malaysia)

Condensed interim statement of financial position
As at 30 June 2014 - unaudited

	Note	30.06.2014 RM'000	31.12.2013 RM'000
Assets			
Property, plant and equipment	6	23,253	23,050
Investment properties		3,300	3,300
Intangible assets		44,209	46,645
Investments	7	5,714,033	5,140,083
Derivative financial assets	8	1,610	-
Reinsurance assets	9	75,833	77,540
Insurance receivables		82,736	52,751
Other receivables, deposits and prepayments		97,817	87,158
Current tax assets		-	2,691
Cash and cash equivalents		382,546	413,423
Total assets		6,425,337	5,846,641
Equity, policyholders' funds and liabilities			
Share capital		236,600	236,600
Fair value reserve		(1,223)	(1,257)
Revaluation reserve		794	794
Retained earnings		370,030	353,637
Total equity		606,201	589,774
Insurance contract liabilities	10	5,212,712	4,667,930
Deferred tax liabilities		125,364	118,122
Derivative financial liabilities	8	6,773	20,950
Subordinated loan		54,300	54,300
Other financial liabilities		3,592	2,078
Insurance payables		107,701	113,092
Other payables and accruals		166,828	162,537
Benefits and claims liabilities		141,009	117,858
Current tax liabilities		857	-
Total policyholders' funds and liabilities		5,819,136	5,256,867
Total equity, policyholders' funds and liabilities		6,425,337	5,846,641

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 2014 - unaudited**

	Individual Period		Cumulative Period	
	Current Year Half-yearly 30.06.2014 RM'000	Preceding Year Corresponding Half-yearly 30.06.2013 RM'000	Current Year Half-yearly 30.06.2014 RM'000	Preceding Year Corresponding Half-yearly 30.06.2013 RM'000
Operating revenue	<u>1,020,753</u>	<u>808,210</u>	<u>1,020,753</u>	<u>808,210</u>
Gross earned premiums	903,014	709,138	903,014	709,138
Premiums ceded to reinsurers	<u>(60,135)</u>	<u>(48,428)</u>	<u>(60,135)</u>	<u>(48,428)</u>
Net earned premiums	<u>842,879</u>	<u>660,710</u>	<u>842,879</u>	<u>660,710</u>
Investment income	117,739	99,072	117,739	99,072
Realised gains	41,730	39,674	41,730	39,674
Fair value gains and losses	21,645	(646)	21,645	(646)
Fee and commission income	3,320	3,768	3,320	3,768
Other operating income	<u>9,915</u>	<u>3,156</u>	<u>9,915</u>	<u>3,156</u>
Other revenue	<u>194,349</u>	<u>145,024</u>	<u>194,349</u>	<u>145,024</u>
Gross benefits and claims paid	(253,004)	(207,919)	(253,004)	(207,919)
Claims ceded to reinsurers	51,788	40,203	51,788	40,203
Gross change in contract liabilities	(545,881)	(362,724)	(545,881)	(362,724)
Change in contract liabilities ceded to to reinsurers	<u>(1,707)</u>	<u>(24,436)</u>	<u>(1,707)</u>	<u>(24,436)</u>
Net benefits and claims	<u>(748,804)</u>	<u>(554,876)</u>	<u>(748,804)</u>	<u>(554,876)</u>
Fee and commission expense	(158,345)	(142,927)	(158,345)	(142,927)
Management expenses	(78,251)	(66,875)	(78,251)	(66,875)
Other operating expenses	<u>(15,135)</u>	<u>(10,569)</u>	<u>(15,135)</u>	<u>(10,569)</u>
Other expenses	<u>(251,731)</u>	<u>(220,371)</u>	<u>(251,731)</u>	<u>(220,371)</u>
Profit before tax	36,693	30,487	36,693	30,487
Tax expense	<u>(20,300)</u>	<u>(15,935)</u>	<u>(20,300)</u>	<u>(15,935)</u>
Net profit for the period	<u>16,393</u>	<u>14,552</u>	<u>16,393</u>	<u>14,552</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 half-year ended 30 June 2014 - unaudited**

	Individual Period		Cumulative Period	
	Current Year Half-yearly 30.06.2014 RM'000	Preceding Year Corresponding Half-yearly 30.06.2013 RM'000	Current Year Half-yearly 30.06.2014 RM'000	Preceding Year Corresponding Half-yearly 30.06.2013 RM'000
Net profit for the period attributable to owners of the Company	16,393	14,552	16,393	14,552
Other comprehensive income, net of tax Items that are or may be reclassified subsequently to profit or loss				
Available-for-sale financial assets' fair value reserve	36	(368)	36	(368)
Tax effects thereon	(2)	99	(2)	99
	<u>34</u>	<u>(269)</u>	<u>34</u>	<u>(269)</u>
Total other comprehensive income for the period, net of tax	<u>34</u>	<u>(269)</u>	<u>34</u>	<u>(269)</u>
Total comprehensive income for the period attributable to owners of the Company	<u><u>16,427</u></u>	<u><u>14,283</u></u>	<u><u>16,427</u></u>	<u><u>14,283</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 half-year ended 30 June 2014 - 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 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>
At 1 January 2014	236,600	(1,257)	794	322,160	31,477	589,774
Fair value of available-for-sale financial assets	-	34	-	-	-	34
Total other comprehensive income for the period	-	34	-	-	-	34
Profit for the period	-	-	-	16,057	336	16,393
Total comprehensive income for the period	-	34	-	16,057	336	16,427
At 30 June 2014	<u>236,600</u>	<u>(1,223)</u>	<u>794</u>	<u>338,217</u>	<u>31,813</u>	<u>606,201</u>

* The non participating fund surplus 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 flows**For the half-year ended 30 June 2014 - unaudited**

	30.06.2014	30.06.2013
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	36,693	30,487
<i>Adjustments for:</i>		
Investment income	(117,739)	(99,072)
Interest expense	3,085	2,864
Realised gains recorded in profit or loss	(41,730)	(39,674)
Fair value (gain)/loss on investments recorded in profit or loss	(21,645)	646
Purchase of held-to-maturity ("HTM") financial investments	(106,208)	(95,220)
Maturity of HTM financial investments	15,000	10,000
Purchase of available-for-sale ("AFS") financial investments	(111,530)	(109,445)
Proceeds from sale of AFS financial investments	105,027	109,509
Maturity of AFS financial investments	20,000	8,500
Purchase of held for trading ("HFT") financial investments	(390,862)	(260,333)
Maturity of HFT financial investments	20,000	9,500
Proceeds from sale of HFT financial investments	116,418	124,256
Purchase of designated upon initial recognition ("DUIR") financial investments	(201,735)	(328,997)
Proceeds from sale of DUIR financial investments	25,169	100,068
Maturity of DUIR financial investments	35,000	43,000
Purchase of derivative financial instruments	(1,674)	(1,824)
Change in loans and receivables ("LAR")	(51,221)	(5,421)
Non-cash items:		
Change in fair value of AFS financial assets	1,099	(21,330)
Allowance for /(Reversal of) impairment loss on receivables	270	(370)
Amortisation of intangible assets	2,435	2,547
Depreciation of property, plant and equipment	1,594	1,409
Property, plant and equipment written off	4	-
Unrealised foreign exchange (gain)/loss on investments	(818)	2,474
Operating loss before changes in working capital	(663,368)	(516,426)
Changes in working capital:		
Change in reinsurance assets	1,707	24,436
Change in insurance receivables	(30,226)	(15,562)
Change in other receivables, deposits and prepayments	(10,688)	4,274
Change in insurance contract liabilities	544,782	384,053
Change in other financial liabilities	1,514	13,742
Change in insurance payables	(5,391)	(10,789)
Change in other payables	2,438	(10,489)
Change in benefits and claims liabilities	23,151	13,284
Cash used in operations	(136,081)	(113,477)

ALLIANZ LIFE INSURANCE MALAYSIA BERHAD

(Company No. 104248- X)

(Incorporated in Malaysia)

**Condensed interim statement of cash flows
For the half-year ended 30 June 2014 - unaudited
(continued)**

	30.06.2014	30.06.2013
	RM'000	RM'000
Tax paid	(9,414)	(10,015)
Dividend received	12,357	11,934
Coupon interest received	100,594	84,668
Other income received	4,651	2,860
Rental income on investment properties received	48	48
Net cash used in operating activities	<u>(27,845)</u>	<u>(23,982)</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(1,800)	(2,556)
Acquisition of intangible assets	-	(50,496)
Net cash used in investing activities	<u>(1,800)</u>	<u>(53,052)</u>
Cash flows from financing activities		
Proceeds from subordinated loans	-	54,300
Payment of loan interest to holding company	(1,232)	-
Net cash (used in)/generated from financing activities	<u>(1,232)</u>	<u>54,300</u>
Net decrease in cash and cash equivalents	(30,877)	(22,734)
Cash and cash equivalents at 1 January	<u>413,423</u>	<u>307,693</u>
Cash and cash equivalents at 30 June	<u><u>382,546</u></u>	<u><u>284,959</u></u>
Cash and cash equivalent comprises:		
Fixed and call deposits with licensed financial institutions (with maturity less than three months):	353,091	263,388
Cash and bank balances	29,455	21,571
	<u><u>382,546</u></u>	<u><u>284,959</u></u>

ALLIANZ LIFE INSURANCE MALAYSIA BERHAD

(Company No. 104248- X)

(Incorporated in Malaysia)

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

These condensed interim financial statements of the Company as at and for the half-year ended ended 30 June 2014 have been prepared in accordance with Malaysian Financial Reporting Standard ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act, 1965 and the Financial Services Act, 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 2013.

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 2013, except for the adoption of the following:

MFRSs, Amendments to MFRSs and IC Interpretation		Effective date
Amendments to MFRS 132	Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 136	Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to MFRS 139	Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21	Levies	1 January 2014

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

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 2013.

Company No. 104248-X

7. Investments

	30.06.2014	31.12.2013
	RM'000	RM'000
Malaysian government securities	1,585,058	1,429,862
Malaysian government guaranteed bonds	934,199	946,941
Ringgit denominated bonds by foreign issuers in Malaysia	180,633	181,037
Quoted equity securities of corporations in Malaysia	881,557	795,603
Quoted equity securities of corporations outside Malaysia	1,014	880
Unquoted equity securities of corporations in Malaysia	2,147	2,147
Unquoted bonds of corporations in Malaysia	1,521,845	1,246,832
Quoted unit trusts in Malaysia	57,924	52,797
Unquoted unit trusts in Malaysia	5,093	5,390
Unquoted unit trusts outside Malaysia	53,474	50,676
Structured deposits with licensed financial institutions	158,887	146,937
Government guaranteed loans	190,000	190,000
Mortgage loans	10,604	70
Policy loans	12,880	12,515
Automatic premium loans	76,752	73,239
Fixed and call deposits with licensed financial institutions	41,966	5,157
	<u>5,714,033</u>	<u>5,140,083</u>

Company No. 104248-X

7. Investments (continued)

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

	Current		Non-current		Total	
	30.06.2014	31.12.2013	30.06.2014	31.12.2013	30.06.2014	31.12.2013
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Held-to-maturity financial assets ("HTM")	30,000	15,000	1,385,294	1,308,892	1,415,294	1,323,892
Available-for-sale financial assets ("AFS")	741,967	738,617	-	-	741,967	738,617
Loans and receivables ("LAR")	134,285	90,926	197,917	190,055	332,202	280,981
Fair value through profit and loss ("FVTPL")						
- Held for trading ("HFT")	1,206,989	917,651	-	-	1,206,989	917,651
- Designated upon initial recognition ("DUIR")	2,017,581	1,878,942	-	-	2,017,581	1,878,942
	4,130,822	3,641,136	1,583,211	1,498,947	5,714,033	5,140,083

	30.06.2014		31.12.2013	
	Amortised cost	Fair value	Amortised cost	Fair value
	RM'000	RM'000	RM'000	RM'000
Held-to-maturity				
Malaysian government securities	776,406	774,824	680,270	669,761
Malaysian government guaranteed bonds	539,064	515,702	543,837	522,711
Ringgit denominated bonds by foreign issuers in Malaysia	99,824	101,163	99,785	101,848
	1,415,294	1,391,689	1,323,892	1,294,320

Company No. 104248-X

7. Investments (continued)

Carrying values of financial investments

	Note	HTM RM'000	AFS RM'000	LAR RM'000	HFT RM'000	DUIR RM'000	Total RM'000
At January 2013		1,123,735	668,153	277,166	547,550	1,703,247	4,319,851
Purchase/placements		209,920	190,647	12,317,956	569,961	493,375	13,781,859
Maturities		(10,000)	(8,500)	(12,314,141)	(9,500)	(92,028)	(12,434,169)
Disposals		-	(143,789)	-	(214,107)	(158,692)	(516,588)
Fair value gains/(losses) recorded in :							
Profit or loss							
-Unrealised gains/(losses)		-	-	-	26,092	(65,949)	(39,857)
-Unrealised foreign exchange gains		-	-	-	(2,552)	-	(2,552)
-Movement in impairment allowance		-	(771)	-	-	-	(771)
Insurance contract liabilities	10	-	37,727	-	-	-	37,727
Other comprehensive income		-	(4,820)	-	-	-	(4,820)
Amortisation of premiums		(769)	(209)	-	(306)	(3,114)	(4,398)
Accretion of discounts		1,006	179	-	513	2,103	3,801
At 31 December 2013		1,323,892	738,617	280,981	917,651	1,878,942	5,140,083

Company No. 104248-X

7. Investments (continued)

Carrying values of financial investments

	Note	HTM RM'000	AFS RM'000	LAR RM'000	HFT RM'000	DUIR RM'000	Total RM'000
At January 2014		1,323,892	738,617	280,981	917,651	1,878,942	5,140,083
Purchase/placements		106,208	111,530	6,540,046	390,862	201,735	7,350,381
Maturities		(15,000)	(20,000)	(6,488,825)	(20,000)	(35,000)	(6,578,825)
Disposals		-	(82,287)	-	(96,428)	(25,174)	(203,889)
Fair value gains/(losses) recorded in :							
Profit or loss							
-Unrealised gains/(losses)		-	-	-	13,772	(2,465)	11,307
-Unrealised foreign exchange gains		-	-	-	818	-	818
-Movement in impairment allowance		-	(4,770)	-	-	-	(4,770)
Insurance contract liabilities	10	-	(1,196)	-	-	-	(1,196)
Other comprehensive income		-	36	-	-	-	36
Amortisation of premiums		(394)	(91)	-	(194)	(1,366)	(2,045)
Accretion of discounts		588	128	-	508	909	2,133
At 30 June 2014		1,415,294	741,967	332,202	1,206,989	2,017,581	5,714,033

Company No. 104248-X

8. Derivatives financial assets/(liabilities)

	Nominal value RM'000	Assets RM'000	Liabilities RM'000
30.06.2014			
Derivatives held for trading at fair value through profit or loss			
Forward starting interest rate swap	400,000	1,012	(6,773)
Put option	89,999	598	-
	<u>489,999</u>	<u>1,610</u>	<u>(6,773)</u>
31.12.2013			
Derivatives held for trading at fair value through profit or loss			
Forward starting interest rate swap	400,000	-	(20,950)
Put option	-	-	-
	<u>400,000</u>	<u>-</u>	<u>(20,950)</u>

9. Reinsurance assets

	30.06.2014 RM'000	31.12.2013 RM'000
Reinsurance of insurance contracts		
Actuarial liabilities		
- Current	85	100
- Non-current	75,748	77,440
	<u>75,833</u>	<u>77,540</u>

Company No. 104248-X

10. Insurance contract liabilities

	← 30.06.2014 →			← 31.12.2013 →		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Actuarial liabilities	4,401,233	(75,833)	4,325,400	3,956,026	(77,540)	3,878,486
Unallocated surplus	80,654	-	80,654	67,830	-	67,830
Available-for-sale fair value reserve	98,698	-	98,698	99,797	-	99,797
Net asset value attributable to unitholders	630,346	-	630,346	542,496	-	542,496
Revaluation reserve	1,781	-	1,781	1,781	-	1,781
	<u>5,212,712</u>	<u>(75,833)</u>	<u>5,136,879</u>	<u>4,667,930</u>	<u>(77,540)</u>	<u>4,590,390</u>
	Note 9			Note 9		

Company No. 104248-X

10. Insurance contract liabilities (continued)

Note	← 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	465,933	1,133,872	1,599,805	(9,502)	(91,646)	(101,148)	1,498,657
Liabilities paid for death, maturities, surrenders, benefits and claims	(121,037)	(356,946)	(477,983)	7,917	75,604	83,521	(394,462)
Benefits and claims experience variation	2,862	(39,049)	(36,187)	703	18,473	19,176	(17,011)
Fees deducted	(61,133)	(388,073)	(449,206)	1,012	5,830	6,842	(442,364)
Expected interest on reserve/net investment income attributable to Universal Life Fund	111,870	35,539	147,409	(129)	(2,502)	(2,631)	144,778
Adjustments due to changes in assumptions	61,858	(41,791)	20,067	2,557	679	3,236	23,303
Net asset value attributable to unitholders	-	55,833	55,833	-	-	-	55,833
Available-for sale fair value reserve	7 37,727	-	37,727	-	-	-	37,727
Unallocated surplus	(107,170)	-	(107,170)	-	-	-	(107,170)
Deferred tax effects:							
Available-for-sale fair value reserve	(3,018)	-	(3,018)	-	-	-	(3,018)
At 31 December 2013	2,978,413	1,689,517	4,667,930	-	(77,540)	(77,540)	4,590,390

Company No. 104248-X

10. Insurance contract liabilities (continued)

Note	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 2014	2,978,413	1,689,517	4,667,930	-	(77,540)	(77,540)	4,590,390
Premiums received	211,183	691,831	903,014	(5,387)	(54,748)	(60,135)	842,879
Liabilities paid for death, maturities, surrenders, benefits and claims	(67,823)	(185,181)	(253,004)	3,596	48,192	51,788	(201,216)
Benefits and claims experience variation	9,555	(26,017)	(16,462)	1,492	6,471	7,963	(8,499)
Fees deducted	(26,266)	(208,132)	(234,398)	299	3,021	3,320	(231,078)
Expected interest on reserve/net investment income attributable to Universal Life Fund	62,725	29,265	91,990	-	(1,229)	(1,229)	90,761
Adjustments due to changes in assumptions	1,879	11,284	13,163	-	-	-	13,163
Net asset value attributable to unitholders	-	28,754	28,754	-	-	-	28,754
Available-for sale fair value reserve	7	(1,196)	(1,196)	-	-	-	(1,196)
Unallocated surplus	12,824	-	12,824	-	-	-	12,824
Deferred tax effect:							
Available-for-sale fair value reserve	97	-	97	-	-	-	97
At 30 June 2014	3,181,391	2,031,321	5,212,712	-	(75,833)	(75,833)	5,136,879

11. Changes in group composition

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

Company No. 104248-X

12. Capital commitments

	30.06.2014 RM'000	31.12.2013 RM'000
Property, plant and equipment:		
Authorised but not contracted for	14,030	15,191
Contracted but not provided for	3,138	2,931
	<u>17,168</u>	<u>18,122</u>

13. Operating leases

Leases as lessee

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

	30.06.2014 RM'000	31.12.2013 RM'000
Less than one year	1,557	992
Between one and five years	1,595	503
	<u>3,152</u>	<u>1,495</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:

	30.06.2014 RM'000	31.12.2013 RM'000
Less than one year	124	180
Between one and five years	-	40
	<u>124</u>	<u>220</u>

14. Related party transactions

Significant related party transactions are as follows:

	Transactions value Six months ended 30 June	
	2014 RM'000	2013 RM'000
Related companies*		
Reinsurance premium and commission	<u>(49,146)</u>	<u>(36,496)</u>

* Related companies are companies within the Allianz SE group.

15. Changes in contingent liabilities

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

16. 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.

17. Regulatory capital requirement

The total capital available of the Company as at 30 June 2014, as prescribed under the Risk-Based Capital Framework ("RBC Framework") is provided below:

	30.06.2014	31.12.2013
	RM'000	RM'000
Tier 1 Capital		
Paid up share capital	236,600	236,600
Reserves, including retained earnings	563,423	528,854
Capital instruments which qualifies as Tier 1 Capital	556,866	590,887
	<u>1,356,889</u>	<u>1,356,341</u>
Tier 2 Capital		
Revaluation reserve	2,575	2,575
Available-for-sale reserve	97,475	98,540
Subordinated loan	55,472	55,492
	<u>155,522</u>	<u>156,607</u>
Amount deducted from Capital	(48,508)	(52,130)
Total Capital Available	<u><u>1,463,903</u></u>	<u><u>1,460,818</u></u>

18. 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.

19. Dividend

There was no dividend paid by the Company for the financial period under review (31 December 2013: Nil).

20. 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.

Interim statement of financial position by funds

	Shareholders' Funds		Life Fund		Total	
	30.06.2014	31.12.2013	30.06.2014	31.12.2013	30.06.2014	31.12.2013
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Assets						
Property, plant and equipment	-	-	23,253	23,050	23,253	23,050
Investment properties	-	-	3,300	3,300	3,300	3,300
Intangible assets	43,173	45,446	1,036	1,199	44,209	46,645
Investments	237,918	247,170	5,476,115	4,892,913	5,714,033	5,140,083
Derivative financial assets	-	-	1,610	-	1,610	-
Reinsurance assets	-	-	75,833	77,540	75,833	77,540
Insurance receivables	-	-	82,736	52,751	82,736	52,751
Other receivables, deposits and prepayments	28,274	12,562	69,543	74,596	97,817	87,158
Current tax assets	-	973	-	1,718	-	2,691
Cash and cash equivalents	12,629	16,255	369,917	397,168	382,546	413,423
Total assets	321,994	322,406	6,103,343	5,524,235	6,425,337	5,846,641
Equity, policyholders' funds and liabilities						
Total equity	267,040	266,708	339,161	323,066	606,201	589,774
Insurance contract liabilities	-	-	5,212,712	4,667,930	5,212,712	4,667,930
Deferred tax (assets)/liabilities	(351)	(384)	125,715	118,506	125,364	118,122
Derivative financial liabilities	-	-	6,773	20,950	6,773	20,950
Subordinated loans	54,300	54,300	-	-	54,300	54,300
Other financial liabilities	-	-	3,592	2,078	3,592	2,078
Insurance payables	-	-	107,701	113,092	107,701	113,092
Other payables and accruals	1,869	1,782	164,959	160,755	166,828	162,537
Benefits and claims liabilities	-	-	141,009	117,858	141,009	117,858
Current tax (assets)/liabilities	(864)	-	1,721	-	857	-
Total policyholders' funds and liabilities	54,954	55,698	5,764,182	5,201,169	5,819,136	5,256,867
Total equity, policyholders' funds and liabilities	321,994	322,406	6,103,343	5,524,235	6,425,337	5,846,641

20. Insurance funds (continued)

Interim statement of profit or loss by funds
For the half-year ended 30 June - unaudited

	Shareholders' Funds		Life Fund		Total	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Operating revenue	5,259	5,008	1,015,494	803,202	1,020,753	808,210
Gross earned premiums	-	-	903,014	709,138	903,014	709,138
Premiums ceded to reinsurers	-	-	(60,135)	(48,428)	(60,135)	(48,428)
Net earned premiums	-	-	842,879	660,710	842,879	660,710
Investment income	5,259	5,008	112,480	94,064	117,739	99,072
Realised gains	63	-	41,667	39,674	41,730	39,674
Fair value gains and losses	-	-	21,645	(646)	21,645	(646)
Fee and commission income	-	-	3,320	3,768	3,320	3,768
Other operating income	-	-	9,915	3,156	9,915	3,156
Other revenue	5,322	5,008	189,027	140,016	194,349	145,024
Gross benefits and claims paid	-	-	(253,004)	(207,919)	(253,004)	(207,919)
Claims ceded to reinsurers	-	-	51,788	40,203	51,788	40,203
Gross change in contract liabilities	-	-	(545,881)	(362,724)	(545,881)	(362,724)
Change in contract liabilities ceded to reinsurers	-	-	(1,707)	(24,436)	(1,707)	(24,436)
Net benefits and claims	-	-	(748,804)	(554,876)	(748,804)	(554,876)
Fee and commission expense	-	-	(158,345)	(142,927)	(158,345)	(142,927)
Management expenses	(2,198)	(2,580)	(76,053)	(64,295)	(78,251)	(66,875)
Other operating expenses	(1,496)	(1,246)	(13,639)	(9,323)	(15,135)	(10,569)
Other expenses	(3,694)	(3,826)	(248,037)	(216,545)	(251,731)	(220,371)
Profit/Surplus before tax	1,628	1,182	35,065	29,305	36,693	30,487
Tax expense	(1,292)	(1,252)	(19,008)	(14,683)	(20,300)	(15,935)
Net profit /(loss)/surplus after tax	336	(70)	16,057	14,622	16,393	14,552

20. Insurance funds (continued)**Interim Investment -linked funds statement of assets and liabilities**

	30.06.2014	31.12.2013
	RM'000	RM'000
Assets		
Financial investments	529,239	464,341
Interest and dividend receivables, and other receivables	3,195	6,326
Cash and cash equivalents	105,066	76,853
Total assets	637,500	547,520
Liabilities		
Deferred tax liabilities	4,632	4,014
Other financial liabilities	1,159	-
Other payables	268	344
Benefits and claims liabilities	980	550
Current tax liabilities	115	116
Total liabilities	7,154	5,024
Net asset value of funds (Note 10)	630,346	542,496

**Interim Investment-linked funds statement of income and expenditure
For the half-year ended 30 June - unaudited**

	2014	2013
	RM'000	RM'000
Investment income	8,854	8,537
Realised gains	16,633	9,867
Fair value gains	8,400	17,569
Other operating income	827	3
	34,714	35,976
Other operating expenses	(3,630)	(5,018)
Profit before tax	31,084	30,958
Tax expense	(2,330)	(2,586)
Net profit for the period	28,754	28,372