

Company No.

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CIMB AVIVA ASSURANCE BERHAD
(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 30 JUNE 2012

Company No.

197499	U
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CIMB AVIVA ASSURANCE BERHAD
(Incorporated in Malaysia)

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CIMB AVIVA ASSURANCE BERHAD
(Incorporated in Malaysia)

UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2012

	<u>Note</u>	<u>30.6.2012</u> RM'000	<u>31.12.2011</u> RM'000 Restated	<u>1.1.2011</u> RM'000 Restated
ASSETS				
Property and equipment		45,880	46,054	54,158
Financial assets	12	1,038,988	1,034,885	953,953
Loans and receivables		441,563	446,399	529,734
Reinsurance assets	13	59,061	83,641	100,541
Insurance receivables		51,210	5,582	2,534
Other receivables		17,995	44,865	51,091
Cash and bank balances		1,446	8,739	18,787
Current tax assets		9,977	3,831	2,298
Assets held for sale		-	361	-
TOTAL ASSETS		<u>1,666,120</u>	<u>1,674,357</u>	<u>1,713,096</u>
EQUITY, POLICYHOLDERS' FUNDS AND LIABILITIES				
Share capital		342,000	342,000	342,000
Share premiums		16,000	16,000	16,000
Retained earnings/(Accumulated losses)		19,404	23,158	(8,597)
Reserves		59,360	13,881	22,287
Total equity		<u>436,764</u>	<u>395,039</u>	<u>371,690</u>
Insurance contract liabilities	14	1,093,587	1,104,995	1,093,558
Insurance claims liabilities		10,957	12,437	13,372
Insurance payables		37,849	88,503	83,734
Redeemable convertible unsecured loan stocks		-	-	36,257
Other financial liabilities		37,267	43,056	46,002
Other payables		29,463	25,772	59,130
Deferred tax liabilities		20,233	4,555	9,353
Total liabilities		<u>1,229,356</u>	<u>1,279,318</u>	<u>1,341,406</u>
TOTAL EQUITY, POLICYHOLDERS' FUNDS AND LIABILITIES		<u>1,666,120</u>	<u>1,674,357</u>	<u>1,713,096</u>

The accompanying notes are an integral part of these financial statements.

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CIMB AVIVA ASSURANCE BERHAD
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**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 30 JUNE 2012**

	6 months ended <u>30.6.2012</u> RM'000	6 months ended <u>30.6.2011</u> RM'000 Restated
Gross premiums	127,393	121,676
Premiums ceded to reinsurers	30,438	(13,000)
Net premiums	<u>157,831</u>	<u>108,676</u>
Investment income	25,217	27,479
Net realised (losses)/gains	(22)	5,173
Net fair value gains	7,290	6,391
Other operating income	6,608	1,454
Other income	<u>39,093</u>	<u>40,497</u>
Gross benefits and claims paid	(75,519)	(87,792)
Claims ceded to reinsurers	10,533	11,216
Gross change to contract liabilities	11,408	(5,538)
Change in contract liabilities ceded to reinsurers	(24,464)	258
Net claims	<u>(78,042)</u>	<u>(81,856)</u>
Fee and commission expense	(13,046)	(8,241)
Management expenses	(35,579)	(26,721)
Other operating expenses	(3,335)	(2,467)
Investment expenses	(622)	(819)
Other expenses	<u>(52,582)</u>	<u>(38,248)</u>
Profit before taxation	66,300	29,069
Taxation	(16,575)	(7,367)
Net profit for the financial period	<u>49,725</u>	<u>21,702</u>
Other comprehensive income for the financial period	<u>-</u>	<u>-</u>
Total comprehensive income for the financial period	<u><u>49,725</u></u>	<u><u>21,702</u></u>
Earnings per share (sen)		
Basic	<u>14.54</u>	<u>6.35</u>

The accompanying notes are an integral part of these financial statements.

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CIMB AVIVA ASSURANCE BERHAD
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**UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 30 JUNE 2012**

	<u>Share capital</u> RM'000	<u>Non- distributable Share premium</u> RM'000	<u>Reserves*</u> RM'000	<u>Retained earnings/ (Accumu- lated losses)</u> RM'000	<u>Total</u> RM'000
At 1 January 2011					
- As previously reported	342,000	16,000	-	(8,597)	349,403
Change in accounting policy (Note 3)	-	-	22,287	-	22,287
At 1 January 2011 - As restated	342,000	16,000	22,287	(8,597)	371,690
Total comprehensive income for the financial period	-	-	17,378	4,324	21,702
At 30 June 2011 - As restated	<u>342,000</u>	<u>16,000</u>	<u>39,665</u>	<u>(4,273)</u>	<u>393,392</u>
At 1 January 2012					
- As previously reported	342,000	16,000	-	23,158	381,158
Change in accounting policy (Note 3)	-	-	13,881	-	13,881
At 1 January 2012 - As restated	342,000	16,000	13,881	23,158	395,039
Dividends to the owner of the Company	-	-	-	(8,000)	(8,000)
Total comprehensive income for the financial period	-	-	45,479	4,246	49,725
At 30 June 2012	<u>342,000</u>	<u>16,000</u>	<u>59,360</u>	<u>19,404</u>	<u>436,764</u>

* Reserves comprise of unallocated surpluses from all funds other than participating life fund (net of deferred tax). This amount is only distributable upon the annual recommendation by the Appointed Actuary to transfer the life fund surplus to the shareholders' fund.

The accompanying notes are an integral part of these financial statements.

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CIMB AVIVA ASSURANCE BERHAD
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**UNAUDITED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 30 JUNE 2012**

	6 months ended <u>30.6.2012</u> RM'000	6 months ended <u>30.6.2011</u> RM'000 Restated
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit for the financial period	49,725	21,702
Adjustments for:		
Gross change in contract liabilities	(11,408)	5,538
Change in contract liabilities ceded to reinsurers	24,464	(258)
Property and equipment		
- depreciation	2,016	901
- loss on disposal	22	-
Net fair value gain on investments at fair value through profit or loss	(7,290)	(8,291)
Interest income	(7,674)	(28,925)
Dividend income	(1,452)	(6)
Rental income	(210)	-
Taxation	16,575	7,367
Tax expense on investment income of life fund and investment-linked funds	3,314	2,887
	<hr/>	<hr/>
Profit from operations before changes in operating assets and liabilities	68,082	915
Decrease in loans and receivables	4,940	65,550
Increase in receivables	(23,559)	(10,406)
Decrease in insurance claims liabilities	(1,364)	(5,792)
Decrease in payables	(52,752)	(53,185)
Purchase of investments	(79,557)	(136,844)
Proceeds from disposal and maturity of investments	83,421	117,591
	<hr/>	<hr/>
	(789)	(22,171)
Investment income received:		
- Dividend	1,478	6
- Interest	6,893	28,925
- Rental	210	-
Taxation paid	(5,582)	(4,685)
	<hr/>	<hr/>
Net cash generated from operating activities	2,210	2,075
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CIMB AVIVA ASSURANCE BERHAD
(Incorporated in Malaysia)

UNAUDITED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 30 JUNE 2012 (CONTINUED)

	6 months ended <u>30.6.2012</u> RM'000	6 months ended <u>30.6.2011</u> RM'000 Restated
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property and equipment	360	-
Purchase of property and equipment	(1,863)	(820)
Net cash used in investing activities	<u>(1,503)</u>	<u>(820)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid to owner of the Company	(8,000)	-
Net cash used in financing activities	<u>(8,000)</u>	<u>-</u>
Net increase in cash and cash equivalents	(7,293)	1,255
Cash and cash equivalents at beginning of the financial period	8,739	18,787
Cash and cash equivalents at end of the financial period	<u>1,446</u>	<u>20,042</u>
Cash and cash equivalents comprise:		
Cash and bank balances	<u>1,446</u>	<u>20,042</u>

The Company classifies cash flows from the acquisition and disposal of financial assets as operating cash flows, as the purchases are funded from cash flows associated with the origination of insurance contracts, net of cash flows for payments of benefits and claims incurred for insurance contracts, which are respectively treated under the operating activities.

The accompanying notes are an integral part of these financial statements.

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CIMB AVIVA ASSURANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2012

1 CORPORATE INFORMATION

The Company is engaged principally in the underwriting of life insurance and investment-linked business. There have been no significant changes in the nature of these activities during the financial period.

The Company is a public limited liability company, incorporated and domiciled in Malaysia.

The registered office and the principal place of business of the Company is located at 11th Floor, No.338, Jalan Tuanku Abdul Rahman, 50100 Kuala Lumpur Malaysia.

2 BASIS OF PREPARATION

The unaudited interim financial statements of the Company have been prepared in accordance with the MFRS 134, "Interim Financial Reporting" which do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's audited financial statements for the financial year ended 31 December 2011.

The Company has adopted the Malaysian Financial Reporting Standards ("MFRS"), the Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards in Malaysia for Entities Other than Private Entities and Revised Guidelines on Financial Reporting for Insurers issued by Bank Negara Malaysia ("BNM") with effect from 1 January 2012. This interim financial statements are the Company's first MFRS compliant report and hence, MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards has been applied. The transition from Financial Reporting Standards ("FRS") framework to MFRS framework and the adoption of the revised guidelines issued by BNM does not have any significant financial impact to the financial statements of the Company, other than as described in Note 3 below.

The preparation of interim financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires Directors to exercise their judgment in the process of applying the Company's accounting policies. Although these estimates and judgment are based on the Directors' best knowledge of current events and actions, actual results may differ.

3 CHANGES IN ACCOUNTING POLICIES

As all FRSs issued under FRS framework were equivalent to the MFRSs issued under MFRS framework, the accounting policies and presentation adopted by the Company in the interim financial statements are consistent with those adopted in the Company's audited financial statements for the financial year ended 31 December 2011, except for the following:

<u>MFRSs/Interpretations</u>	<u>Effective Date</u>
MFRS 1 "First-time Adoption of Malaysian Financial Reporting Standards"	1 January 2012
MFRS 7 "Financial Instruments: Disclosures"	1 January 2012
MFRS 112 "Income Taxes"	1 January 2012
MFRS 124 "Related Party Disclosures"	1 January 2012

The adoption of the revised standards, amendments and interpretations issued by MASB which are effective in the current year do not have any material impact to the financial statements of the Company.

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CIMB AVIVA ASSURANCE BERHAD
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NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2012 (CONTINUED)

3 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

BNM Guidelines – BNM/RH/GL 003-28, Financial Reporting for Insurers

In line with the convergence of Financial Reporting Standards (“FRS”) 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 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. Accordingly, the Company changed its accounting policy to classify the unallocated surplus and fair value/revaluation reserves of funds other than participating funds from insurance contract liabilities to equity. This change in accounting policy is adopted retrospectively. The impact of the change in accounting policy to the Company is disclosed below:

	As previously reported RM’000	Adjustment RM’000	As restated RM’000
Statement of financial position			
<u>As at 1 January 2011</u>			
<u>Equity</u>			
Reserves	-	22,287	22,287
<u>Liabilities</u>			
Insurance contract liabilities	1,123,274	(29,716)	1,093,558
Deferred tax liabilities	1,924	7,429	9,353
<u>As at 31 December 2011</u>			
<u>Assets</u>			
Deferred tax assets/(liabilities)	72	(4,627)	(4,555)
<u>Equity</u>			
Reserves	-	13,881	13,881
<u>Liabilities</u>			
Insurance contract liabilities	1,123,503	(18,508)	1,104,995
Statement of comprehensive income			
<u>For half-year ended 30 June 2011</u>			
Total comprehensive income	4,324	17,378	21,702
Comprise of the following restatements:			
- Gross change in contract liabilities	(28,709)	23,171	(5,538)
- Taxation	(1,574)	(5,793)	(7,367)

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NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2012 (CONTINUED)

4 SEASONALITY OF OPERATIONS

The business operations of the Company were not materially affected by any seasonal or cyclical fluctuations during the current interim period ended 30 June 2012.

5 CHANGES IN ESTIMATES

There was no change in estimates of amounts reported in prior interim period or financial year that has a material effect in the current interim period ended 30 June 2012.

6 UNUSUAL ITEMS AFFECTING ASSETS, LIABILITIES, EQUITY, NET INCOME OR CASH FLOWS

There was no item affecting assets, liabilities, equity, net income or cash flows which are unusual because of their nature, size or incidence in the current interim period ended 30 June 2012.

7 ISSUANCE OR REPAYMENT OF DEBT AND EQUITY SECURITIES

There was no issues, repurchases and repayments of debt and equity securities during the current interim period ended 30 June 2012.

8 DIVIDENDS PAID

A single-tier preference dividend in respect of financial year ended 31 December 2011 of RM0.08 per preference share on 100,000,000 perpetual non-cumulative preference shares amounting to RM8,000,000 was paid on 15 May 2012 to CIG Berhad and Aviva International Holdings Limited.

9 SIGNIFICANT EVENTS AND TRANSACTIONS

During the current interim period ended 30 June 2012, a settlement of inter-company balances amounted to RM39,522,310 was made between the Company and its related company, CIMB Aviva Takaful Berhad.

10 SUBSEQUENT EVENTS

There was no material events after the interim period that have not been reflected in the financial statements for the interim period.

11 EFFECT OF CHANGES IN THE COMPOSITION OF THE COMPANY

There was no changes in the composition of the Company during the current interim period ended 30 June 2012.

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NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2012 (CONTINUED)

12 FINANCIAL ASSETS

	<u>30.6.2012</u> RM'000	<u>31.12.2011</u> RM'000
Malaysian Government Securities	546,815	540,181
Cagamas	22,875	22,780
Unquoted corporate debt securities	285,331	285,223
Quoted equity securities	86,634	84,756
Unit trust funds	12,048	13,411
Negotiable instrument of deposits	29,909	33,435
Investment-linked funds	45,137	45,537
Unquoted equity securities	174	174
Accrued interest	10,065	9,388
	<u>1,038,988</u>	<u>1,034,885</u>

The Company's financial assets are summarised as follows:

	<u>30.6.2012</u> RM'000	<u>31.12.2011</u> RM'000
Fair value through profit or loss ("FVTPL") – designated upon initial recognition	1,028,923	1,025,497
Accrued interest	10,065	9,388
	<u>1,038,988</u>	<u>1,034,885</u>

The following financial assets mature after 12 months:

FVTPL – designated upon initial recognition	<u>955,947</u>	<u>823,221</u>
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(a) FVTPL - designated upon initial recognition

Malaysian Government Securities	546,815	540,181
Cagamas	22,875	22,780
Unquoted corporate debt securities	285,331	285,223
Quoted equity securities	86,634	84,756
Unit trust funds	12,048	13,411
Negotiable instrument of deposits	29,909	33,435
Investment-linked funds	45,137	45,537
Unquoted equity securities	174	174
Accrued interest	10,065	9,388
	<u>1,038,988</u>	<u>1,034,885</u>

CIMB AVIVA ASSURANCE BERHAD
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NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2012 (CONTINUED)

12 FINANCIAL ASSETS (CONTINUED)

(b) Carrying values of financial instruments

	<u>Designated</u> RM'000	<u>HTM</u> RM'000	<u>Total</u> RM'000
At 1 January 2011	905,318	48,635	953,953
Purchases	251,443	-	251,443
Maturities	(30,700)	(50,025)	(80,725)
Disposals	(103,867)	-	(103,867)
Fair value gains recorded in:			
Profit or loss	11,032	-	11,032
Accretion adjustment	-	1,390	1,390
Movement in accrued interest	1,659	-	1,659
	<u>1,034,885</u>	<u>-</u>	<u>1,034,885</u>
At 31 December 2011	1,034,885	-	1,034,885
Purchases	79,557	-	79,557
Maturities	(25,753)	-	(25,753)
Disposals	(54,474)	-	(54,474)
Fair value gains recorded in:			
Profit or loss	4,096	-	4,096
Movement in accrued interest	677	-	677
	<u>1,038,988</u>	<u>-</u>	<u>1,038,988</u>
At 30 June 2012	<u>1,038,988</u>	<u>-</u>	<u>1,038,988</u>

(c) Fair values hierarchy

The Company categorises its fair value measurements according to a three-level hierarchy. The hierarchy prioritises the inputs used by the Company's valuation techniques for determining the fair value of the financial instruments.

A level is assigned to each fair value measurement based on the lowest level input significant to the fair value measurement in its entirety. The three-level hierarchy is defined as follows:

Level 1 – Fair value measurements that reflect unadjusted, quoted prices in active markets for identical assets and liabilities that the Company has the ability to access at the measurement date. Valuations are based on quoted prices reflecting market transactions involving assets or liabilities identical to those being measured.

Level 2 – Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in inactive markets, inputs that are observable that are not prices (such as interest rates, credit risks, etc) and inputs that are derived from or corroborated by observable market data.

Level 3 – Fair value measurements using significant non-market observable inputs. These include valuations for assets and liabilities that are derived using data, some or all of which is not market observable, including assumptions about risk.

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NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2012 (CONTINUED)

12 FINANCIAL ASSETS (CONTINUED)

(c) Fair values hierarchy (continued)

The following table presents the Company's financial assets that are carried at fair value as at 30 June 2012:

	<u>Level 1</u> RM'000	<u>Level 2</u> RM'000	<u>Level 3</u> RM'000	<u>Total</u> RM'000
<u>FVTPL</u>				
<u>30.6.2012</u>				
Malaysian Government Securities	-	546,815	-	546,815
Cagamas	-	22,875	-	22,875
Unquoted corporate debt securities	-	285,331	-	285,331
Quoted equity securities	86,634	-	-	86,634
Unit trust funds	12,048	-	-	12,048
Negotiable instrument of deposits	-	29,909	-	29,909
Investment-linked funds	45,137	-	-	45,137
Unquoted equity securities	-	-	174	174
Accrued interest	-	10,065	-	10,065
	<u>143,819</u>	<u>894,995</u>	<u>174</u>	<u>1,038,988</u>
<u>31.12.2011</u>				
Malaysian Government Securities	-	540,181	-	540,181
Cagamas	-	22,780	-	22,780
Unquoted corporate debt securities	-	285,223	-	285,223
Quoted equity securities	84,756	-	-	84,756
Unit trust funds	13,411	-	-	13,411
Negotiable instrument of deposits	-	33,435	-	33,435
Investment-linked funds	45,537	-	-	45,537
Unquoted equity securities	-	-	174	174
Accrued interest	-	9,388	-	9,388
	<u>143,704</u>	<u>891,007</u>	<u>174</u>	<u>1,034,885</u>

13 REINSURANCE ASSETS

	<u>30.6.2012</u> RM'000	<u>31.12.2011</u> RM'000
Reinsurance of insurance contracts		
- insurance claim liabilities	1,109	1,225
- insurance contract liabilities (Note 14)	57,952	82,416
	<u>59,061</u>	<u>83,641</u>

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NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2012 (CONTINUED)

14 INSURANCE CONTRACT LIABILITIES

The insurance contract liabilities and its movements are further analysed as follows:

	30.6.2012			31.12.2011			1.1.2011		
	<u>Gross</u> RM'000	<u>Re- insurance</u> RM'000	<u>Net</u> RM'000	<u>Gross</u> RM'000	<u>Re- insurance</u> RM'000	<u>Net</u> RM'000	<u>Gross</u> RM'000	<u>Re- insurance</u> RM'000	<u>Net</u> RM'000
Actuarial liabilities	987,127	(57,952)	929,175	993,870	(82,416)	911,454	977,523	(97,538)	879,985
Unallocated surplus									
- As previously reported	79,793	-	79,793	19,023	-	19,023	29,937	-	29,937
- Change in accounting policy	(79,146)	-	(79,146)	(18,508)	-	(18,508)	(29,716)	-	(29,716)
- As restated	647	-	647	515	-	515	221	-	221
Net asset value attributable to unitholders	105,813	-	105,813	110,610	-	110,610	115,814	-	115,814
	<u>1,093,587</u>	<u>(57,952)</u>	<u>1,035,635</u>	<u>1,104,995</u>	<u>(82,416)</u>	<u>1,022,579</u>	<u>1,093,558</u>	<u>(97,538)</u>	<u>996,020</u>

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CIMB AVIVA ASSURANCE BERHAD
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NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2012 (CONTINUED)

14 INSURANCE CONTRACT LIABILITIES (CONTINUED)

	Gross RM'000	Reinsurance RM'000	Net RM'000
At 1 January 2012 (Restated)	1,104,995	(82,416)	1,022,579
<u>Projected changes of inforce policies</u>			
Premium income	30,820	(17,253)	13,567
Expense and commission	(8,818)	15	(8,803)
Benefits	(81,550)	17,544	(64,006)
Interest on cashflows	13,650	(794)	12,856
Others	(3,957)	1,639	(2,318)
Experience variance on inforce policies	5,740	268	6,008
Reserve for new policies	18,812	(3,825)	14,987
<u>Assumption changes</u>			
Discount rate	10,124	(795)	9,329
Lapse rates	-	-	-
Other changes	8,436	27,665	36,101
Movement in unallocated surplus	(4,797)	-	(4,797)
Movement in net asset value attributable to unitholders	132	-	132
At 30 June 2012	<u>1,093,587</u>	<u>(57,952)</u>	<u>1,035,635</u>

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CIMB AVIVA ASSURANCE BERHAD
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NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2012 (CONTINUED)

14 INSURANCE CONTRACT LIABILITIES (CONTINUED)

	Gross RM'000 Restated	Reinsurance RM'000 Restated	Net RM'000 Restated
At 1 January 2011	1,093,558	(97,538)	996,020
<u>Projected changes of inforce policies</u>			
Premium income	44,373	(10,155)	34,218
Expense and commission	(12,670)	35	(12,635)
Benefits	(156,840)	15,650	(141,190)
Interest on cashflows	22,225	(1,820)	20,405
Others	4,382	302	4,684
Experience variance on inforce policies	8,153	1,609	9,762
Reserve for new policies	85,942	(3,437)	82,505
<u>Assumption changes</u>			
Discount rate	15,651	(1,501)	14,150
Lapse rates	165	(82)	83
Other changes	4,966	14,521	19,487
Movement in unallocated surplus	294	-	294
Movement in net asset value attributable to unitholders	(5,204)	-	(5,204)
At 31 December 2011	<u><u>1,104,995</u></u>	<u><u>(82,416)</u></u>	<u><u>1,022,579</u></u>

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CIMB AVIVA ASSURANCE BERHAD
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NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2012 (CONTINUED)

15 REGULATORY CAPITAL REQUIREMENTS

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

	<u>30.6.2012</u> RM'000	<u>31.12.2011</u> RM'000 Restated
<u>Eligible Tier 1 Capital</u>		
Share capital	342,000	342,000
Reserves of the Company:		
- Share premium	16,000	16,000
- Retained earnings	19,404	23,158
Reserves included within the insurance contract liabilities	4,133	4,092
	<u>381,537</u>	<u>385,250</u>
<u>Tier 2 Capital</u>		
Amounts added to capital	663	4
Total capital available	<u>382,200</u>	<u>385,254</u>

16 COMMITMENTS AND CONTINGENCIES

	<u>30.6.2012</u> RM'000	<u>31.12.2011</u> RM'000
Capital expenditure		
Approved but not contracted for:		
Property and equipment	-	907
Approved and contracted for:		
Property and equipment	1,937	933

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NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2012 (CONTINUED)

17 **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 statement of comprehensive income have been further analysed by funds which are as follows:

Unaudited Statement of Financial Position by Funds as at 30 June 2012

	<u>Shareholders' Fund</u>		<u>Life Fund</u>		<u>Elimination</u>		<u>Total</u>	
	<u>30.6.2012</u>	<u>31.12.2011</u>	<u>30.6.2012</u>	<u>31.12.2011</u>	<u>30.6.2012</u>	<u>31.12.2011</u>	<u>30.6.2012</u>	<u>31.12.2011</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
		Restated		Restated		Restated		Restated
<u>Assets</u>								
Property and equipment	-	-	45,880	46,054	-	-	45,880	46,054
Financial assets	108,408	106,916	930,580	927,969	-	-	1,038,988	1,034,885
Loans and receivables	148,379	152,217	293,184	294,182	-	-	441,563	446,399
Reinsurance assets	-	-	59,061	83,641	-	-	59,061	83,641
Insurance receivables	-	-	51,210	5,582	-	-	51,210	5,582
Other receivables	125,334	125,339	17,995	44,860	(125,334)	(125,334)	17,995	44,865
Cash and bank balances	10	1	1,436	8,738	-	-	1,446	8,739
Current tax assets	(4,963)	(3,929)	14,940	7,760	-	-	9,977	3,831
Assets held for sale	-	-	-	361	-	-	-	361
Total assets	377,168	380,544	1,414,286	1,419,147	(125,334)	(125,334)	1,666,120	1,674,357

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NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2012 (CONTINUED)

17 **INSURANCE FUNDS (CONTINUED)**

Unaudited Statement of Financial Position by Funds as at 30 June 2012 (continued)

	Shareholders' Fund		Life Fund		Elimination		Total	
	<u>30.6.2012</u>	<u>31.12.2011</u>	<u>30.6.2012</u>	<u>31.12.2011</u>	<u>30.6.2012</u>	<u>31.12.2011</u>	<u>30.6.2012</u>	<u>31.12.2011</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
		Restated		Restated		Restated		Restated
Share capital	342,000	342,000	-	-	-	-	342,000	342,000
Share premium	16,000	16,000	-	-	-	-	16,000	16,000
Retained earnings	19,404	23,158	-	-	-	-	19,404	23,158
Reserves	-	-	59,360	13,881	-	-	59,360	13,881
Total equity	377,404	381,158	59,360	13,881	-	-	436,764	395,039
Liabilities								
Insurance contract liabilities	-	-	1,093,587	1,104,995	-	-	1,093,587	1,104,995
Insurance claim liabilities	-	-	10,957	12,437	-	-	10,957	12,437
Insurance payables	-	-	37,849	88,503	-	-	37,849	88,503
Other financial liabilities	-	-	37,267	43,056	-	-	37,267	43,056
Other payables	-	-	154,797	151,106	(125,334)	(125,334)	29,463	25,772
Deferred tax liabilities	(236)	(614)	20,469	5,169	-	-	20,233	4,555
Total liabilities	(236)	(614)	1,354,926	1,405,266	(125,334)	(125,334)	1,229,356	1,279,318
Total equity, policyholders' funds and liabilities	377,168	380,544	1,414,286	1,419,147	(125,334)	(125,334)	1,666,120	1,674,357

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NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2012 (CONTINUED)

17 INSURANCE FUNDS (CONTINUED)

Unaudited Income Statement/Revenue Accounts by Funds for the half-year ended 30 June 2012

	Shareholders' Fund		Life Fund		Total	
	6 months ended <u>30.6.2012</u> RM'000	6 months ended <u>30.6.2011</u> RM'000 Restated	6 months ended <u>30.6.2012</u> RM'000	6 months ended <u>30.6.2011</u> RM'000 Restated	6 months ended <u>30.6.2012</u> RM'000	6 months ended <u>30.6.2011</u> RM'000 Restated
Gross premiums	-	-	127,393	121,676	127,393	121,676
Premiums ceded to reinsurers	-	-	30,438	(13,000)	30,438	(13,000)
Net premiums	-	-	157,831	108,676	157,831	108,676
Investment income	4,149	4,105	21,068	23,374	25,217	27,479
Net realised gains/(losses)	-	1,188	(22)	3,985	(22)	5,173
Net fair value gain	1,513	997	5,777	5,394	7,290	6,391
Other operating income	-	6	6,608	1,448	6,608	1,454
Other income	5,662	6,296	33,431	34,201	39,093	40,497
Gross benefits and claims paid	-	-	(75,519)	(87,792)	(75,519)	(87,792)
Claims ceded to reinsurers	-	-	10,533	11,216	10,533	11,216
Gross change in contract liabilities	-	-	11,408	(5,538)	11,408	(5,538)
Change in contract liabilities ceded to reinsurers	-	-	(24,464)	258	(24,464)	258
Net claims	-	-	(78,042)	(81,856)	(78,042)	(81,856)

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CIMB AVIVA ASSURANCE BERHAD
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NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2012 (CONTINUED)

17 INSURANCE FUNDS (CONTINUED)

Unaudited Income Statement/Revenue Accounts by Funds for the half-year ended 30 June 2012 (continued)

	Shareholders' Fund		Life Fund		Total	
	6 months ended <u>30.6.2012</u> RM'000	6 months ended <u>30.6.2011</u> RM'000 Restated	6 months ended <u>30.6.2012</u> RM'000	6 months ended <u>30.6.2011</u> RM'000 Restated	6 months ended <u>30.6.2012</u> RM'000	6 months ended <u>31.6.2011</u> RM'000 Restated
Fee and commission expense	-	-	(13,046)	(8,241)	(13,046)	(8,241)
Management expenses	-	-	(35,579)	(26,721)	(35,579)	(26,721)
Other operating expenses	-	(398)	(3,335)	(2,888)	(3,335)	(3,286)
Investment expense	-	-	(622)	-	(622)	-
Other expenses	-	(398)	(52,582)	(37,850)	(52,582)	(38,248)
Profit from operations	5,662	5,898	60,638	23,171	66,300	29,069
Transfer from life fund	-	-	-	-	-	-
Profit before taxation	5,662	5,898	60,638	23,171	66,300	29,069
Taxation	(1,416)	(1,574)	(15,159)	(5,793)	(16,575)	(7,367)
Net profit for the financial period	4,246	4,324	45,479	17,378	49,725	21,702