



**ETIQA GENERAL INSURANCE BERHAD**  
**197001000276 (9557-T)**  
**(Incorporated in Malaysia)**

**Unaudited Interim Condensed Financial Statements**  
**for the six months period ended 30 June 2020**

**ETIQA GENERAL INSURANCE BERHAD**  
**197001000276 (9557-T)**  
**(Incorporated in Malaysia)**

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**ETIQA GENERAL INSURANCE BERHAD**  
**197001000276 (9557-T)**  
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**UNAUDITED INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2020**

	Note	30.6.2020 RM'000	31.12.2019 RM'000
<b>Assets:</b>			
Property, plant and equipment		12,224	15,914
Investment properties		283,920	283,920
Right-of-use assets ("ROU")		6,548	6,428
Intangible assets		33,939	36,703
Investment in subsidiary		* -	* -
Investment in associate		152	152
Investments	13	1,472,793	1,398,755
Financing receivables		26,695	26,552
Reinsurance assets	14	3,140,197	2,953,227
Insurance receivables	15	517,792	320,600
Other assets	16	72,670	70,204
Derivative assets		838	-
Current tax assets		35,192	90,019
Cash and bank balances		27,382	9,443
<b>Total Assets</b>		<u>5,630,342</u>	<u>5,211,917</u>
<b>Equity:</b>			
Share capital		229,879	229,879
Reserves	17	857,426	833,699
<b>Total Equity</b>		<u>1,087,305</u>	<u>1,063,578</u>
<b>Liabilities:</b>			
Insurance contract liabilities	18	3,810,827	3,596,928
Deferred tax liabilities, net		42,413	42,742
Insurance payables	19	602,261	424,248
Other liabilities	20	83,907	81,682
Current tax liabilities		3,629	2,739
<b>Total Liabilities</b>		<u>4,543,037</u>	<u>4,148,339</u>
<b>Total Equity and Liabilities</b>		<u>5,630,342</u>	<u>5,211,917</u>

\* Representing RM 1

These unaudited interim condensed financial statements should be read in conjunction with the audited annual financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to the unaudited interim condensed financial statements.

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**UNAUDITED INTERIM CONDENSED INCOME STATEMENT**  
**FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2020**

		<b>1.1.2020</b>	<b>1.1.2019</b>
		<b>to</b>	<b>to</b>
	<b>Note</b>	<b>30.6.2020</b>	<b>30.6.2019</b>
		<b>RM'000</b>	<b>RM'000</b>
<b>Operating revenue</b>		<u>776,353</u>	<u>755,773</u>
Gross earned premiums	21	653,612	613,276
Earned premiums ceded to reinsurers	21	<u>(406,460)</u>	<u>(369,378)</u>
<b>Net earned premiums</b>		<u>247,152</u>	<u>243,898</u>
Fee and commission income		27,846	36,230
Investment income	22	29,206	29,975
Realised (losses)/gains		(2,102)	702
Fair value gains		2,429	5,178
Other operating expenses, net	23	<u>(508)</u>	<u>(5,575)</u>
<b>Other revenue</b>		<u>56,871</u>	<u>66,510</u>
Gross benefits and claims paid		(86,694)	(230,527)
Claims ceded to reinsurers		(8,115)	118,108
Gross change to contract liabilities		(120,364)	(197,728)
Change in contract liabilities ceded to reinsurers		<u>85,852</u>	<u>178,837</u>
<b>Net benefits and claims</b>		<u>(129,321)</u>	<u>(131,310)</u>
Management expenses	24	(71,215)	(76,654)
Fee and commission expenses		<u>(35,995)</u>	<u>(49,364)</u>
<b>Other expenses</b>		<u>(107,210)</u>	<u>(126,018)</u>
<b>Profit before tax</b>		67,492	53,080
Taxation	26	<u>(16,161)</u>	<u>(12,480)</u>
<b>Net profit for the period</b>		<u>51,331</u>	<u>40,600</u>
<b>Basic earnings per share (sen)</b>	32	<u>24.20</u>	<u>19.14</u>

These unaudited interim condensed financial statements should be read in conjunction with the audited annual financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to the unaudited interim condensed financial statements.

**UNAUDITED INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2020**

	<b>Note</b>	<b>1.1.2020 to 30.6.2020 RM'000</b>	<b>1.1.2019 to 30.6.2019 RM'000</b>
<b>Net profit for the period</b>		<u>51,331</u>	<u>40,600</u>
<b>Other comprehensive income:</b>			
<b>Items that may be subsequently reclassified to income statement</b>			
Change in value of Fair Value through Other Comprehensive Income ("FVOCI"), net			
- Fair value changes		22,266	32,381
- Transfer to profit or loss upon disposal		(19,404)	(5,909)
Tax effect relating to FVOCI financial assets	26	(687)	(6,353)
		<u>2,175</u>	<u>20,119</u>
Currency translation		219	341
		<u>2,394</u>	<u>20,460</u>
<b>Other comprehensive income for the period, net of tax</b>			
		<u>2,394</u>	<u>20,460</u>
<b>Total comprehensive income for the period</b>		<u>53,725</u>	<u>61,060</u>

These unaudited interim condensed financial statements should be read in conjunction with the audited annual financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to the unaudited interim condensed financial statements.

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**UNAUDITED INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2020**

	←-----Non-distributable-----→						
	Share Capital RM'000	FVOCI Reserve RM'000	Revaluation Reserve RM'000	Currency Translation Reserve RM'000	Distributable Retained Profits RM'000	Total Equity RM'000	
Note							
<b>At 1 January 2020</b>	229,879	28,710	76,391	13,969	714,629	1,063,578	
Net profit for the period	-	-	-	-	51,331	51,331	
Other comprehensive income for the period	-	2,175	-	219	-	2,394	
Total comprehensive income for the period	-	2,175	-	219	51,331	53,725	
Dividend on ordinary shares	-	-	-	-	(29,998)	(29,998)	10
<b>At 30 June 2020</b>	<u>229,879</u>	<u>30,885</u>	<u>76,391</u>	<u>14,188</u>	<u>735,962</u>	<u>1,087,305</u>	
<b>At 1 January 2019</b>	229,879	1,197	76,391	13,876	637,858	959,201	
Net profit for the period	-	-	-	-	40,600	40,600	
Other comprehensive income for the period	-	20,119	-	341	-	20,460	
Total comprehensive income for the period	-	20,119	-	341	40,600	61,060	
<b>At 30 June 2019</b>	<u>229,879</u>	<u>21,316</u>	<u>76,391</u>	<u>14,217</u>	<u>678,458</u>	<u>1,020,261</u>	

These unaudited interim condensed financial statements should be read in conjunction with the audited annual financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to the unaudited interim condensed financial statements.

**UNAUDITED INTERIM CONDENSED STATEMENT OF CASH FLOWS**  
**FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2020**

		<b>1.1.2020</b>	<b>1.1.2019</b>
		<b>to</b>	<b>to</b>
	<b>Note</b>	<b>30.6.2020</b>	<b>30.6.2019</b>
		<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		67,492	53,080
Adjustments for:			
Depreciation of property, plant and equipment	24	1,429	1,317
Amortisation of intangible assets	24	3,050	3,004
ROU expenses			
- ROU Depreciation	24	1,153	1,153
- ROU Lease interest	24	95	133
Fair value gains on financial assets at fair value through profit and loss (FVTPL)		(2,429)	(5,178)
Amortisation of premium on investments	22	156	628
Gain on disposal of property, plant and equipment		-	(1)
Net loss on foreign exchange	23	1,929	289
(Reversal of impairment)/allowance for impairment losses on reinsurance asset	23	(3,727)	6,865
Allowance for impairment losses on insurance receivables	23	4,422	987
(Recovery)/written off bad debts	23	(3)	381
Allowance for impairment/(reversal of impairment) losses on financing receivables	23	216	(103)
Loss/(gain) on disposal of investments		2,102	(701)
Interest income	22	(24,363)	(23,491)
(Reversal of impairment)/allowance for impairment losses on investments	23	(129)	131
Gross dividend income	22	(718)	(1,203)
Rental income	22	(6,448)	(6,610)
Operating cash flows before working capital changes		44,227	30,681
Changes in working capital:			
Increase in reinsurance assets		(183,243)	(266,044)
Increase in insurance receivables		(201,614)	(148,670)
Decrease in other assets		173	11,085
(Increase)/decrease in financing receivables		(359)	1,003
Increase in amount due from related companies		(4,723)	(4,145)
Increase in other liabilities		2,664	34,996
Carried forward		(342,875)	(341,094)

**UNAUDITED INTERIM CONDENSED STATEMENT OF CASH FLOWS**  
**FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2020 (CONTD.)**

	Note	1.1.2020 to 30.6.2020 RM'000	1.1.2019 to 30.6.2019 RM'000
Brought forward		(342,875)	(341,094)
Increase in insurance contract liabilities		213,899	310,249
Increase in insurance payables		178,013	93,683
Increase in placement of deposits with financial institutions		(176,661)	(151,134)
Interest income received		25,616	22,683
Dividend income received		739	1,170
Rental income received		6,250	6,580
Currency translation reserves		219	341
Tax paid		(19,474)	(22,617)
Tax refund		58,016	-
Net cash flows used in operating activities		<u>(56,258)</u>	<u>(80,139)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from disposal of investments		850,674	395,505
Purchase of investments		(746,460)	(351,528)
Proceeds from disposal of property, plant and equipment		4,467	1
Purchase of property, plant and equipment		(2,204)	(601)
Purchase of intangible assets		(286)	(862)
Net cash flows generated from investing activities		<u>106,191</u>	<u>42,515</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid	10	(29,998)	-
Payment of lease liabilities		(1,996)	(859)
Net cash flows used in financing activities		<u>(31,994)</u>	<u>(859)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		17,939	(38,483)
Cash and cash equivalents at beginning of period		9,443	64,652
Cash and cash equivalents at end of period		<u>27,382</u>	<u>26,169</u>
<b>Cash and cash equivalents comprise:</b>			
Cash and bank balances:			
Shareholder's fund		734	7,503
General fund		26,648	18,666
		<u>27,382</u>	<u>26,169</u>

These unaudited interim condensed financial statements should be read in conjunction with the audited annual financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to the unaudited interim condensed financial statements.



**NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2020**

**1. CORPORATE INFORMATION**

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office of the Company is located at Level 19, Tower C, Dataran Maybank, No. 1, Jalan Maarof, 59000 Kuala Lumpur, Malaysia.

The immediate and ultimate holding companies of the Company are Maybank Ageas Holdings Berhad ("MAHB") and Malayan Banking Berhad ("Maybank") respectively, both of which are incorporated in Malaysia. Maybank is a licensed commercial bank listed on the Main Market of Bursa Malaysia Securities Berhad.

**2. BASIS OF PREPARATION**

The unaudited interim condensed financial statements of the Company for the financial period ended 30 June 2020 have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") 134 - *Interim Financial Reporting* as issued by the Malaysian Accounting Standards Board ("MASB"), International Accounting Standard ("IAS") 34 - *Interim Financial Reporting* as issued by International Accounting Standards Board ("IASB") and Guidelines/Circulars issued by Bank Negara Malaysia ("BNM").

The unaudited interim condensed financial statements of the Company have been prepared on a historical cost basis except for certain financial assets and financial liabilities that are stated at fair value.

The unaudited interim condensed financial statements do not include all the information and disclosures required in audited annual financial statements and should be read in conjunction with the audited annual financial statements of the Company for the financial year ended 31 December 2019.

The explanatory notes attached to the unaudited interim condensed financial statements provide an explanation of events and transactions that are significant to gain an understanding of the changes in the financial position and performance of the Company since the financial year ended 31 December 2019.

As at the reporting date, the Company has met the minimum capital requirements as prescribed by Risk-Based Capital Framework for insurers ("the RBC Framework") issued by BNM.

The unaudited interim condensed financial statements are presented in Ringgit Malaysia ("RM") and rounded to the nearest thousand ("RM'000") unless otherwise stated.

The unaudited interim condensed financial statements were approved for issue by the Board of Directors on 10 August 2020.

**NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2020 (CONTD.)**

**3. SIGNIFICANT ACCOUNTING POLICIES**

The audited annual financial statements of the Company for the financial year ended 31 December 2019 were prepared in accordance with MFRS and International Financial Reporting Standards ("IFRS") and the requirement of the Companies Act, 2016 in Malaysia.

The significant accounting policies adopted in preparing these unaudited interim condensed financial statements are consistent with those of the audited annual financial statements for the financial year ended 31 December 2019 except for the adoption of the following new Malaysian Financial Reporting Standards ("MFRSs"), Issues Committee ("IC") Interpretations, amendments to MFRSs and annual improvements to MFRSs which are effective for annual periods beginning on or after 1 January 2020:

Revised Conceptual Framework for Financial Reporting  
Amendment to MFRS 3 - *Definition of a Business*  
Amendment to MFRS 101 and MFRS 108 - *Definition of Material*  
Amendment to MFRS 7, MFRS 9 and MFRS 139 - *Interest Rate Benchmark Reform*

The adoption of the above new MFRSs, IC Interpretation, amendments to MFRSs and annual improvements to MFRSs do not have financial implication to the Company's financial statements.

**4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS**

The preparation of unaudited interim condensed financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of income, expenses, assets, liabilities, the accompanying disclosures and the disclosure of contingent liabilities. Although these estimates and judgements are based on management's best knowledge of current events and actions, actual results may differ.

In preparing these unaudited interim condensed financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited annual financial statements for the financial year ended 31 December 2019.

**NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2020 (CONTD.)**

**5. AUDITOR'S REPORT ON PRECEDING AUDITED ANNUAL FINANCIAL STATEMENT**

The auditor's report on the audited annual financial statements for the financial year ended 31 December 2019 was not qualified.

**6. SEASONALITY OR CYCLICALITY OF OPERATIONS**

The business of the Company was not materially affected by any seasonal or cyclical fluctuations during the interim financial period ended 30 June 2020.

**7. UNUSUAL ITEMS**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the interim financial period ended 30 June 2020.

**8. CHANGES IN ESTIMATES**

There were no material changes in estimates for the interim financial period ended 30 June 2020.

**9. ISSUANCE OR REPAYMENT OF DEBT AND EQUITY SECURITIES**

There were no issuance or repayment of debt and equity securities for the interim financial period ended 30 June 2020.

**10. DIVIDENDS PAID**

A final single tier dividend of 14.14 sen per ordinary share on 212,151,399 ordinary shares amounting to RM29,998,207.82 for the financial year ended 31 December 2019 was approved by the shareholder in the Annual General Meeting held on 4 June 2020. Thereafter, the final dividend was paid on 17 June 2020.

**11. MATERIAL EVENTS SUBSEQUENT TO END OF REPORTING PERIOD**

There were no material events subsequent to the end of the reporting period that require disclosure or adjustments to the unaudited interim condensed financial statements.

**12. CHANGES IN THE COMPOSITION OF THE COMPANY**

There was no changes in the composition of the Company during the interim financial period ended 30 June 2020.

**13. INVESTMENTS**

	<b>30.6.2020</b>	<b>31.12.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Malaysian government papers	52,535	232,097
Equity securities	99,665	133,296
Debt securities	819,237	708,667
Deposits with financial institutions*	501,356	324,695
	<u>1,472,793</u>	<u>1,398,755</u>

\* Included in the deposits with financial institutions are balances invested in ultimate holding company and other related companies within the Maybank Group amounting to RM249,369,000 (2019: RM175,346,000).

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

	<b>30.6.2020</b>	<b>31.12.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Fair value through profit and loss ("FVTPL")		
- Designated upon initial recognition	5,098	10,141
- Held for trading ("HFT")	99,665	133,296
Fair value through other comprehensive income ("FVOCI")	866,674	930,623
Amortised Cost ("AC")	501,356	324,695
	<u>1,472,793</u>	<u>1,398,755</u>

The following investments mature after 12 months:

	<b>30.6.2020</b>	<b>31.12.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
FVTPL		
- Designated upon initial recognition	5,098	10,141
FVOCI	720,510	839,345
	<u>725,608</u>	<u>849,486</u>

13. INVESTMENTS (CONTD.)

	30.6.2020 RM'000	31.12.2019 RM'000
<b>(a) FVTPL</b>		
<b>(i) Designated upon initial recognition</b>		
<u>At fair value</u>		
Debt securities:		
Unquoted in Malaysia	5,098	10,141
<b>Total financial assets designated as FVTPL</b>		
<b>upon initial recognition</b>	5,098	10,141
<b>(ii) HFT</b>		
<u>At fair value</u>		
Equity securities:		
Quoted in Malaysia	14,919	49,343
Quoted outside Malaysia	1,231	438
Unquoted in Malaysia	83,515	83,515
<b>Total HFT financial assets</b>	99,665	133,296
	<b>30.6.2020</b>	<b>31.12.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>(b) FVOCI</b>		
<u>At fair value</u>		
Malaysian government papers	52,535	232,097
Debt securities:		
Unquoted in Malaysia	741,481	698,526
Unquoted outside Malaysia	72,658	-
<b>Total FVOCI financial assets</b>	866,674	930,623

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**13. INVESTMENTS (CONTD.)**

**(b) FVOCI (Contd.)**

Movements in the allowances for impairment losses on financial assets at FVOCI are as follows:

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	12 months	<----- Lifetime ECL ----->		Total
	ECL	not credit	credit	ECL
	RM'000	impaired	impaired	RM'000
	RM'000	RM'000	RM'000	RM'000
<b>30.6.2020</b>				
At 1 January	581	70	165	816
Net adjustment of loss allowance	(26)	(6)	-	(32)
New financial assets originated or purchased	107	-	-	107
Financial assets that have been derecognised	(192)	-	(12)	(204)
At 30 June	<u>470</u>	<u>64</u>	<u>153</u>	<u>687</u>
<b>31.12.2019</b>				
At 1 January	514	72	200	786
Net adjustment of loss allowance	(133)	(18)	-	(151)
New financial assets originated or purchased	295	62	-	357
Financial assets derecognised	(95)	(46)	(35)	(176)
At 31 December	<u>581</u>	<u>70</u>	<u>165</u>	<u>816</u>

**13. INVESTMENTS (CONTD.)**

	<b>30.6.2020</b>	<b>31.12.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>(c) AC</b>		
<b><u>At cost</u></b>		
Deposits and placements with:		
Licensed financial institutions	481,356	309,695
Others	20,000	15,000
Total AC financial assets	<u>501,356</u>	<u>324,695</u>

The carrying amounts of AC financial assets are reasonable approximations of fair values due to the short term maturity of the financial assets.

**Fair Value of Financial Investments**

An analysis of the different fair value measurement basis used in the determination of the fair values of Investments are further disclosed in Note 30 of the unaudited interim condensed financial statements.

**14. REINSURANCE ASSETS**

	<b>30.6.2020</b>	<b>31.12.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Reinsurers' share of insurance contract liabilities (Note 18):		
Claims liabilities*	2,790,898	2,705,046
Premium liabilities	357,406	260,015
	<u>3,148,304</u>	<u>2,965,061</u>
Allowance for impairment losses	(8,107)	(11,834)
	<u>3,140,197</u>	<u>2,953,227</u>

\* Included in the reinsurance assets are balances due from fellow subsidiaries within the MAHB Group amounting to RM5,490,000 (2019: RM4,231,000).

Movements in the allowance for impairment losses on reinsurance assets are as follows:

	<b>30.6.2020</b>	<b>31.12.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Lifetime ECL</b>		
At 1 January	11,834	2,642
Net adjustment of loss allowance (Note 23)	(3,727)	9,192
At 30 June/31 December	<u>8,107</u>	<u>11,834</u>

**15. INSURANCE RECEIVABLES**

	<b>30.6.2020</b>	<b>31.12.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Due premiums including agents/brokers and co-insurers balances*	482,890	292,022
Due from reinsurers and cedants*	44,042	33,296
	<u>526,932</u>	<u>325,318</u>
Allowance for impairment losses	(9,140)	(4,718)
	<u>517,792</u>	<u>320,600</u>

Movements in the allowance for impairment losses on insurance receivables are as follows:

	<b>30.6.2020</b>	<b>31.12.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Lifetime ECL</b>		
At 1 January	4,718	1,593
Net adjustment of loss allowance (Note 23)	4,422	3,125
At 30 June/31 December	<u>9,140</u>	<u>4,718</u>

\* Included in the balances of due premiums including agents/brokers and co-insurers balances and due from reinsurance and cedants are balances from ultimate holding company and fellow subsidiaries within the MAHB Group amounting to RM11,308,000 and RM17,398,000 (2019: RM8,178,000 and RM14,818,000) respectively. The amount receivables are subject to settlement terms stipulated in the underlying insurance contracts.

The carrying amounts are reasonable approximations of fair values at the reporting date due to the relatively short-term maturity of these balances.



**16. OTHER ASSETS**

	<b>30.6.2020</b>	<b>31.12.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Share of net assets in the Malaysian Motor Insurance Pool ("MMIP")	48,105	48,889
Goods and Services Tax recoverable	2,074	2,074
	<u>50,179</u>	<u>50,963</u>
Sundry receivables, deposits and prepayments**	3,191	2,579
	<u>3,191</u>	<u>2,579</u>
Income due and accrued	12,475	13,551
	<u>12,475</u>	<u>13,551</u>
Amounts due from related companies* (Note 29(b)):		
- Penultimate holding company	-	1,083
- Ultimate holding company	1,136	-
- Other related companies	5,689	2,028
	<u>6,825</u>	<u>3,111</u>
<b>Total Other Assets</b>	<u>72,670</u>	<u>70,204</u>

Movements in the allowance for impairment losses on other assets are as follows:

	<b>30.6.2020</b>	<b>31.12.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Lifetime ECL</b>		
At 1 January	-	2
Net adjustment of loss allowance	-	(2)
As at 30 June/31 December	<u>-</u>	<u>-</u>

\* Amounts due from related companies are non-trade in nature, unsecured, interest-free and repayable in the short-term.

\*\* Included in the sundry receivables, deposits and prepayments and income due and accrued are balances due from ultimate holding company and other related companies within the MBB Group amounting to RM936,000 (2019: RM385,000).

The carrying amounts (other than prepayments) are reasonable approximations of fair values at the reporting date due to the relatively short-term maturity of these balances.

**17. OTHER RESERVES**

	<b>Revaluation reserve RM'000</b>	<b>Currency translation reserve RM'000</b>	<b>Total RM'000</b>
<b>30.6.2020</b>			
At 1 January	76,391	13,969	90,360
Other comprehensive income	-	219	219
At 30 June	<u>76,391</u>	<u>14,188</u>	<u>90,579</u>
<b>30.6.2019</b>			
At 1 January	76,391	13,876	90,267
Other comprehensive income	-	341	341
At 30 June	<u>76,391</u>	<u>14,217</u>	<u>90,608</u>

The revaluation reserve of the Company represents the difference between the carrying amount of properties previously classified as self-occupied and transferred to investment properties upon the end of owner occupation and its fair value at the date of change in use.

The currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the presentation currency of the Company.

18. INSURANCE CONTRACT LIABILITIES

	←----- 30.6.2020 ----->			←----- 31.12.2019 ----->		
	Gross RM'000	Reinsurance RM'000 (Note 14)	Net RM'000	Gross RM'000	Reinsurance RM'000 (Note 14)	Net RM'000
Claims liabilities (i)	3,197,566	(2,790,898)	406,668	3,077,202	(2,705,046)	372,156
Premium liabilities (ii)	613,260	(357,406)	255,855	519,726	(260,015)	259,711
	<u>3,810,827</u>	<u>(3,148,304)</u>	<u>662,523</u>	<u>3,596,928</u>	<u>(2,965,061)</u>	<u>631,867</u>

(i) Claims liabilities

	←----- 30.6.2020 ----->			←----- 31.12.2019 ----->		
	Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000
At 1 January 2020/2019	3,077,202	(2,705,046)	372,156	2,764,447	(2,448,675)	315,772
Claims incurred in the current accident period/year	311,826	(184,491)	127,335	998,156	(714,262)	283,894
Other movements in claims incurred in prior accident years	(114,912)	112,581	(2,331)	(39,170)	46,628	7,458
Claims paid during the period/year	(86,694)	(8,115)	(94,809)	(647,853)	407,486	(240,367)
Movements in Unallocated Loss Adjustment Expenses ("ULAE")	748	-	748	1,310	-	1,310
Movements in Provision of Risk Margin for Adverse Deviation ("PRAD")	9,396	(5,827)	3,569	312	3,777	4,089
At 30 June 2020/31 December 2019	<u>3,197,566</u>	<u>(2,790,898)</u>	<u>406,668</u>	<u>3,077,202</u>	<u>(2,705,046)</u>	<u>372,156</u>

(ii) Premium liabilities

	←----- 30.6.2020 ----->			←----- 31.12.2019 ----->		
	Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000
At 1 January 2020/2019	519,726	(260,015)	259,711	478,765	(257,315)	221,450
Premiums written in the period/year (Note 21)	747,147	(503,851)	243,296	1,305,225	(767,024)	538,201
Premiums earned during the period/year (Note 21)	(653,612)	406,460	(247,152)	(1,264,264)	764,324	(499,940)
At 30 June 2020/31 December 2019	<u>613,260</u>	<u>(357,406)</u>	<u>255,855</u>	<u>519,726</u>	<u>(260,015)</u>	<u>259,711</u>

**19. INSURANCE PAYABLES**

	<b>30.6.2020</b>	<b>31.12.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Due to agents and intermediaries	118,023	118,216
Due to reinsurers and cedants	484,238	306,032
	<u>602,261</u>	<u>424,248</u>

The carrying amounts are reasonable approximations of fair values at the reporting date due to the relatively short-term maturity of these balances.

**20. OTHER LIABILITIES**

	<b>30.6.2020</b>	<b>31.12.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
ROU lease liabilities		
- Lease liabilities	5,976	5,662
- Provision for restoration costs	1,261	1,250
Amount due to related companies* (Note 29(b)):		
- Penultimate holding company	113	-
- Ultimate holding company	-	278
- Immediate holding company	536	574
- Other related companies	88	891
Amount due to subsidiary* (Note 29(b)):	1,625	1,628
Amount due to stockbrokers	60	21
Provision for land development costs	840	840
Sundry payables and accrued liabilities	73,408	70,538
<b>Total Other Liabilities</b>	<u>83,907</u>	<u>81,682</u>

\* Amounts due to related companies and subsidiary are non-trade in nature, unsecured, interest free and are repayable on demand.

The carrying amounts are reasonable approximations of fair values at the reporting date due to the relatively short-term maturity of these balances.

**21. NET EARNED PREMIUMS**

	<b>1.1.2020</b>	<b>1.1.2019</b>
	<b>to</b>	<b>to</b>
	<b>30.6.2020</b>	<b>30.6.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>(a) Gross earned premiums</b>		
Gross premiums (Note 18)	747,147	725,798
Change in premium liabilities	(93,535)	(112,522)
Gross earned premiums (Note 18)	<u>653,612</u>	<u>613,276</u>
<b>(b) Earned premium ceded to reinsurers</b>		
Gross premiums ceded to reinsurer (Note 18)	(503,851)	(456,586)
Change in premium liabilities	97,391	87,208
Gross earned premiums ceded to reinsurers (Note 18)	<u>(406,460)</u>	<u>(369,378)</u>
<b>Net earned premium</b>	<u>247,152</u>	<u>243,898</u>

**22. INVESTMENT INCOME**

	<b>1.1.2020</b>	<b>1.1.2019</b>
	<b>to</b>	<b>to</b>
	<b>30.6.2020</b>	<b>30.6.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>FVTPL Financial Assets</b>		
<b>(i) Designated upon initial recognition</b>		
Interest income	<u>150</u>	<u>492</u>
<b>(ii) HFT</b>		
Dividend income		
- Quoted in Malaysia	714	403
- Quoted outside Malaysia	4	-
- Unquoted in Malaysia	-	800
	<u>718</u>	<u>1,203</u>
<b>FVOCI Financial Assets</b>		
Interest income	<u>15,618</u>	<u>17,632</u>

**22. INVESTMENT INCOME (CONTD.)**

	<b>1.1.2020</b>	<b>1.1.2019</b>
	<b>to</b>	<b>to</b>
	<b>30.6.2020</b>	<b>30.6.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>AC Financial Assets</b>		
Interest income	<u>8,339</u>	<u>4,707</u>
Interest income from financing receivables and other loans	256	660
Rental income	6,448	6,610
Rental expense	(2,009)	(627)
Amortisation of premiums	(156)	(628)
Other investment income	-	11
Investment related expenses	<u>(158)</u>	<u>(85)</u>
	<u>4,381</u>	<u>5,941</u>
<b>Total investment income</b>	<u>29,206</u>	<u>29,975</u>

**23. OTHER OPERATING EXPENSES, NET**

	<b>1.1.2020</b>	<b>1.1.2019</b>
	<b>to</b>	<b>to</b>
	<b>30.6.2020</b>	<b>30.6.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Other income</b>		
Realised gain on foreign exchange	-	1
Reversal of impairment losses on:		
- Financing receivables	-	103
- Reinsurance assets	3,727	-
- Investments	129	-
Bad debts recoveries from other assets	3	-
Reinsurance tax recovery	1,281	-
Sundry income	987	3,081
<b>Other expenses</b>		
Impairment losses on:		
- Financing receivables	(216)	-
- Insurance receivables	(4,422)	(987)
- Reinsurance assets	-	(6,865)
- Investments	-	(131)
Bad debts written off	-	(381)
Unrealised loss on foreign exchange	(970)	(282)
Realised loss on foreign exchange	(959)	(8)
Sundry expenditure	<u>(68)</u>	<u>(106)</u>
<b>Total other operating expenses, net</b>	<u>(508)</u>	<u>(5,575)</u>

**24. MANAGEMENT EXPENSES**

	<b>1.1.2020</b>	<b>1.1.2019</b>
	<b>to</b>	<b>to</b>
	<b>30.6.2020</b>	<b>30.6.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Employee benefits expense (Note 24(a))	41,012	45,096
Directors' fee and remuneration (Note 25)	470	475
Auditors' remuneration:		
- statutory audit	165	153
- regulatory related services	10	7
- other services	4	-
Amortisation of intangible assets	3,050	3,004
Bank charges	1,923	2,606
Depreciation of property, plant and equipment	1,429	1,317
Right-of-use expenses:		
- depreciation	1,153	1,153
- Interest expenses	95	133
- termination	(56)	-
Other management fees	2,550	2,425
Professional fees	(642)	958
Auto assist services	-	803
Rental of offices/premises	1,935	2,084
Electronic data processing expenses	(742)	(763)
Information technology outsourcing	2,587	2,751
Postage and stamp duties	262	268
Printing and stationery	342	7
Promotional and marketing cost	10,906	9,559
Training expenses	223	405
Utilities, assessment and maintenance	1,139	866
Entertainment	101	195
Travelling expenses	270	663
Office facilities expenses	312	256
Legal fees	32	72
Other expenses	2,685	2,161
<b>Total management expenses</b>	<b>71,215</b>	<b>76,654</b>
<b>(a) Employee benefits expense:</b>		
Wages, salaries and bonuses	31,076	34,164
Employee Provident Fund ("EPF")	4,916	5,503
Social Security Contribution ("SOCSO")	216	229
Share-based compensation	679	378
Other benefits	4,125	4,822
	<b>41,012</b>	<b>45,096</b>

**24. MANAGEMENT EXPENSES (CONTD.)**

(b) The details of Chief Executive Officer's ("CEO's") remuneration during the period are as follows:

	<b>1.1.2020</b>	<b>1.1.2019</b>
	<b>to</b>	<b>to</b>
	<b>30.6.2020</b>	<b>30.6.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Salaries	322	322
Bonus	250	326
EPF	92	104
Share-based compensation	64	35
Other emoluments	18	20
	<u>746</u>	<u>807</u>

**25. DIRECTORS' FEES AND REMUNERATION**

	<b>1.1.2020</b>	<b>1.1.2019</b>
	<b>to</b>	<b>to</b>
	<b>30.6.2020</b>	<b>30.6.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Executive director:		
Fees	60	60
Other emoluments	6	6
	<u>66</u>	<u>66</u>
Non-executive directors:		
Fees	360	350
Other emoluments	44	59
	<u>404</u>	<u>409</u>
<b>Total Directors' Fees and Remuneration</b>	<u>470</u>	<u>475</u>



**25. DIRECTORS' FEES AND REMUNERATION (CONTD.)**

The total remuneration of the directors of the Company are as follows:

	<b>Fees</b>	<b>Other</b>	<b>Total</b>
	<b>RM'000</b>	<b>Emoluments</b>	<b>RM'000</b>
		<b>RM'000</b>	<b>RM'000</b>
<b>1.1.2020 to 30.6.2020</b>			
<b>Executive director</b>			
Datuk Nora Abd. Manaf	60	6	66
	<u>60</u>	<u>6</u>	<u>66</u>
<b>Non-executive directors</b>			
Datuk Mohd Najib Abdullah (Chairman)	90	8	98
Mr. Frank J.G. Van Kempen	60	6	66
Mr. Koh Heng Kong	60	8	68
Ms. Serina Abdul Samad	60	8	68
Ms. Daniela Adaggi	60	8	68
Mr. Mohamad Shukor Ibrahim (Appointed w.e.f 1 April 2020)	30	6	36
	<u>360</u>	<u>44</u>	<u>404</u>
	<u>420</u>	<u>50</u>	<u>470</u>

	<b>Fees</b>	<b>Other</b>	<b>Total</b>
	<b>RM'000</b>	<b>emoluments</b>	<b>RM'000</b>
		<b>RM'000</b>	<b>RM'000</b>
<b>1.1.2019 to 30.6.2019</b>			
<b>Executive director</b>			
Datuk Nora Abd. Manaf	60	6	66
	<u>60</u>	<u>6</u>	<u>66</u>
<b>Non-executive directors</b>			
Datuk Mohd Najib Abdullah (Chairman)	90	8	98
Mr. Philippe Pol Arthur Latour	60	6	66
Dato' Johan Ariffin (Ceased w.e.f 1 March 2019)	20	2	22
Mr. Loh Lee Soon	60	12	72
Mr. Frank J.G. Van Kempen	60	6	66
Mr. Koh Heng Kong	60	25	85
	<u>350</u>	<u>59</u>	<u>409</u>
	<u>410</u>	<u>65</u>	<u>475</u>

**26. INCOME TAX EXPENSE**

**Major components of income tax expense**

The major components of income tax expense for the financial period ended 30 June 2020 and 30 June 2019 are as follows:

	<b>1.1.2020 to 30.6.2020 RM'000</b>	<b>1.1.2019 to 30.6.2019 RM'000</b>
<b><u>Income Statement:</u></b>		
<u>Income tax:</u>		
Current financial period		
- Malaysia	17,176	14,169
<u>Deferred taxation:</u>		
Relating to origination and reversal of temporary differences	(1,015)	(1,689)
Income tax expense recognised in income statement	<u>16,161</u>	<u>12,480</u>
<b><u>Statement of Comprehensive Income:</u></b>		
Deferred income tax related to other comprehensive income:		
- Fair value changes on FVOCI investments	<u>687</u>	<u>6,353</u>

**26. INCOME TAX EXPENSE (CONTD.)**

**Reconciliation between tax expense and accounting profit**

The reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Company is as follows:

	<b>1.1.2020</b>	<b>1.1.2019</b>
	<b>to</b>	<b>to</b>
	<b>30.6.2020</b>	<b>30.6.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Profit before taxation	<u>67,492</u>	<u>53,080</u>
Taxation at Malaysian statutory tax rate of 24%	16,198	12,739
Income not subject to tax	(463)	(853)
Expenses not deductible for tax purposes	426	594
Tax expense for the financial period	<u>16,161</u>	<u>12,480</u>

Domestic income tax for shareholder's fund and general fund are calculated on the estimated assessable profit for the financial period at Malaysian statutory tax rate of 24% (2019: 24%)

## 27. OPERATING LEASE COMMITMENTS

### The Company as lessor

The Company has entered into operating lease agreements on its portfolio of investment properties. The leases have remaining lease terms of between 1 and 5 years. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions.

The future minimum lease payments receivable under non-cancellable operating leases contracted for as at the balance sheet date but not recognised as receivables, are as follows:

	<b>30.6.2020</b>	<b>31.12.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Not later than one year	10,717	11,039
Between one and five years	40,722	41,044
	<u>51,439</u>	<u>52,083</u>

Rental income on investment properties recognised in the income statement during the financial period is disclosed in Note 22.

## 28. OTHER COMMITMENTS AND CONTINGENCIES

	<b>30.6.2020</b>	<b>31.12.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Approved and contracted for:		
Property, plant and equipment	124	42
Intangible assets	530	635
	<u>654</u>	<u>677</u>
Approved and not contracted for:		
Property, plant and equipment	15,001	4,723
Intangible assets	381	119
	<u>15,382</u>	<u>4,842</u>

## **29. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES DISCLOSURES**

For the purpose of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly. The key management personnel includes all the directors and chief executive officers of the Company.

The Company has related party relationships with its shareholders and their related companies, subsidiaries, associates, key management personnel and the subsidiaries and associates of a company with significant influence over its shareholder.

Related party transactions have been entered into in the normal course of business under normal trade terms.

**(a)** Significant transactions of the Company with related parties during the financial period were as follows:

	<b>1.1.2020</b>	<b>1.1.2019</b>
	<b>to</b>	<b>to</b>
	<b>30.6.2020</b>	<b>30.6.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Income/(expenses):</b>		
Ultimate holding company:		
Gross premium income	5,442	3,528
Commissions and fees expenses	(11,765)	(12,324)
Claims paid	(69)	(280)
Interest income	736	1,943
Rental income	250	291
Other expenses	(216)	(150)
Employee's Share Grant Plan ("ESGP")	<u>(741)</u>	<u>(285)</u>

**29. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES DISCLOSURES (CONTD.)**

(a) Significant transactions of the Company with related parties during the financial period were as follows (Contd.):

	<b>1.1.2020 to 30.6.2020 RM'000</b>	<b>1.1.2019 to 30.6.2019 RM'000</b>
<b>Income/(expenses) (contd.):</b>		
Immediate holding company:		
Gross premium income	4	-
Rental income	64	30
Dividend paid	(29,998)	-
Claims paid	(56)	-
Shared service cost	(4,590)	(4,332)
Fellow subsidiaries within the MAHB Group:		
Gross premium income	444	14,704
Premium ceded to reinsurers	(1,391)	(12,806)
Commissions and fee expenses	(20)	(5,767)
Reinsurance commission income	648	6,028
Rental income	4,620	4,632
Rental expenses	(835)	(1,003)
Shared service cost income/(cost)	6,342	(3,150)
Claims paid	(1,493)	(884)
Claims recovery from reinsurers	1,062	1,557
Other income	371	418
Other expenses	(32)	(54)
Other related companies within the Maybank Group:		
Gross premium income	1,173	1,462
Interest income	2,013	974
Information technology outsourcing	(2,587)	(2,751)
Companies with significant influence over the Maybank Group:		
Gross insurance premium income	574	630
Claims paid	(482)	(298)
Shareholder of holding company:		
Remuneration of seconded employee	(48)	-

**29. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES DISCLOSURES (CONTD.)**

(b) Included in the statements of financial position of the Company are amounts due from/(to) related companies as follows:

	<b>30.6.2020</b>	<b>31.12.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Ultimate holding company:		
Fixed and call deposits (Note 13)	46,385	158,748
Derivatives	359	-
Bank balances*	17,352	(1,560)
Income due and accrued (Note 16)	431	199
Outstanding premiums (Note 15)	11,308	8,178
Claim liabilities	(58,395)	(58,377)
Provision for custodian fee	-	(16)
Amount due from ultimate holding company (Note 16)	1,136	-
Amount due to ultimate holding company (Note 20)	-	(278)
	<hr/>	<hr/>
Immediate holding company:		
Claims liabilities	-	(56)
Amount due to immediate holding company (Note 20)	(536)	(574)
	<hr/>	<hr/>
Penultimate holding company:		
Amount due to penultimate holding company (Note 20)	(113)	-
Amount due from penultimate holding company (Note 16)	-	1,083
	<hr/>	<hr/>
Fellow subsidiaries within the MAHB Group:		
Amount due from reinsurers and cedants (Note 15)	17,398	14,818
Claims liabilities	(4,708)	(4,222)
Reinsurance assets (Note 14)	5,490	4,231
Amount due from other related companies (Note 16)	5,686	2,025
Amount due to other related companies (Note 20)	(5)	(808)
	<hr/>	<hr/>

\* The Company has no overdraft facility. The credit balance as at 31 December 2019 arose due to the short tenure overnight placement under Maybank's Liquidity Concentration Services to minimise idle cash balances.

**29. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES DISCLOSURES (CONTD.)**

(b) Included in the statements of financial position of the Company are amounts due from/(to) related companies as follows (Contd.) :

	<b>30.6.2020</b>	<b>31.12.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Other related companies within the Maybank Group:		
Fixed and call deposits (Note 13)	202,984	16,598
Income due and accrued (Note 16)	505	186
Claims liabilities	(50)	(50)
Amount due from other related companies (Note 16)	3	3
Amount due to other related companies (Note 20)	<u>(83)</u>	<u>(83)</u>
Companies with significant influence over the Maybank Group:		
Claims liabilities	<u>(999)</u>	<u>(503)</u>
Subsidiary:		
Amount due to subsidiary (Note 20)	<u>(1,625)</u>	<u>(1,628)</u>

(c) Key management personnel compensation

(i) The remuneration of key management personnel during the financial period was as follows:

	<b>1.1.2020</b>	<b>1.1.2019</b>
	<b>to</b>	<b>to</b>
	<b>30.6.2020</b>	<b>30.6.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Short-term employee benefits</b>		
- Fees	420	410
- Salaries, allowances and bonuses	622	690
- EPF	92	104
- Share-based compensation	64	35
- Other emoluments and benefits-in-kind	18	43
	<u>1,216</u>	<u>1,282</u>

(ii) The number of shares awarded for ESGP to key management personnel were as follows:

	<b>30.6.2020</b>	<b>31.12.2019</b>
	<b>'000</b>	<b>'000</b>
At 1 January	264	132
Awarded	-	132
At 30 June/31 December	<u>264</u>	<u>264</u>



### **30. FAIR VALUE MEASUREMENTS**

The Company classifies its financial instruments measured at Fair Value according to the fair value hierarchy.

The levels of the fair value hierarchy as defined by the accounting standards, are an indication of the observability of prices or valuation input. It can be classified into the following hierarchies/levels:

- **Level 1 : Active Market – Quoted price**

Refers to financial instruments which are regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. Such financial instruments include actively traded government securities, listed derivatives and cash products traded on an exchange.

- **Level 2 : No Active Market – Valuation techniques using observable input**

Refers to inputs other than quoted price included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).

Examples of Level 2 financial instruments include corporate and government bonds, less liquid equities and over-the-counter ("OTC") derivatives.

- **Level 3 : No Active Market – Valuation techniques using unobservable input**

Refers to financial instruments where fair values are measured using unobservable market inputs. The valuation technique is consistent with Level 2. The chosen valuation technique incorporates management's assumptions and data.

Examples of Level 3 financial instruments include corporate bonds in illiquid markets, private equity investments and investment properties.

30. FAIR VALUE MEASUREMENTS (CONTD.)

(a) Fair Value Disclosures Based on 3-Level Hierarchy

	Valuation technique using:			Total RM'000
	Level 1	Level 2	Level 3	
	Quoted market prices RM'000	Using Observable inputs RM'000	Using Significant unobservable inputs RM'000	
<b>30.6.2020</b>				
<b><u>Assets</u></b>				
<b>Investment Properties</b>	-	-	283,920	283,920
<b>Financial assets at FVTPL</b>				
<b>(i) Designated upon initial recognition</b>				
Debt securities, structured products and NCDs	-	5,098	-	5,098
<b>(ii) HFT</b>				
Equity securities	16,150	-	83,515	99,665
<b>Financial assets at FVOCI</b>				
Malaysian government papers	-	52,535	-	52,535
Debt securities, structured products and NCDs	-	814,139	-	814,139
Derivative assets	-	838	-	838
<b>Total Assets</b>	<b>16,150</b>	<b>872,610</b>	<b>367,435</b>	<b>1,256,195</b>

30. FAIR VALUE MEASUREMENTS (CONTD.)

(a) Fair Value Disclosures Based on 3-Level Hierarchy (Contd.)

	Valuation technique using:			Total RM'000
	Level 1	Level 2	Level 3	
	Quoted market prices RM'000	Using Observable inputs RM'000	Using Significant unobservable inputs RM'000	
<b>31.12.2019</b>				
<b><u>Assets</u></b>				
Investment Properties	-	-	283,920	283,920
<b>Financial assets at FVTPL</b>				
<b>(i) Designated upon initial recognition</b>				
Debt securities, structured products and NCDs	-	10,141	-	10,141
<b>(ii) HFT</b>				
Equity securities	49,781	-	83,515	133,296
<b>Financial assets at FVOCI</b>				
Malaysian government papers	-	232,097	-	232,097
Debt securities, structured products and NCDs	-	698,526	-	698,526
<b>Total Assets</b>	<b>49,781</b>	<b>940,764</b>	<b>367,435</b>	<b>1,357,980</b>

(b) Transfer between Level 1 and Level 2 in the fair value hierarchy

Assets and liabilities of the Company are recognised in the financial statements on a recurring basis. The Company determines whether transfers have occurred between fair value hierarchy levels by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. There were no transfers between Level 1 and Level 2 for the Company during the financial period ended 30 June 2020.

30. FAIR VALUE MEASUREMENTS (CONTD.)

(c) Movements of Level 3 financial instruments and non-financial asstes

	<b>Financial instruments measured at fair value</b>	
	<b>Investment properties RM'000</b>	<b>Designated at FVTPL RM'000</b>
<b>30.6.2020</b>		
At 1 January 2020	283,920	83,515
At 30 June 2020	<u>283,920</u>	<u>83,515</u>
Total gains recognised in income statement for financial instruments measured at fair value at the end of the reporting period	<u>-</u>	<u>-</u>
<b>31.12.2019</b>		
At 1 January 2019	270,757	83,690
Recognised in the income statement: Fair value gain	<u>13,163</u>	<u>(175)</u>
At 31 December 2019	<u>283,920</u>	<u>83,515</u>
Total gains recognised in income statement for financial instruments measured at fair value at the end of the reporting period	<u>13,163</u>	<u>(175)</u>

(d) Sensitivity of fair value measurements to changes in unobservable input assumptions

The Company's exposure to financial instruments measured with valuation techniques using significant unobservable inputs comprised a small number of financial instruments which constitute an insignificant component of the Company's portfolio of financial instruments. Hence, changing one or more of the inputs to reasonable alternative assumptions would not change the value significantly for the financial assets in Level 3 of the fair value hierarchy.

Recent sale transactions transacted in the real estate market would result in a significant change of estimated fair value for investment properties.

**31. REGULATORY CAPITAL REQUIREMENT**

The capital structure of the Company as at 30 June 2020 and 31 December 2019, as prescribed under the RBC Framework is provided below:

	<b>30.6.2020</b>	<b>31.12.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Eligible Tier 1 Capital</b>		
Share capital (paid up)	229,879	229,879
Reserves, including retained earnings	735,962	714,629
	<u>965,841</u>	<u>944,508</u>
<b>Tier 2 Capital</b>		
Revaluation reserve	76,391	76,391
FVOCI reserve	30,885	28,710
Currency translation reserve	14,188	13,969
	<u>121,464</u>	<u>119,070</u>
<b>Amount deducted from Capital</b>	<u>(33,939)</u>	<u>(36,703)</u>
<b>Total Capital Available</b>	<u>1,053,366</u>	<u>1,026,875</u>

**32. EARNINGS PER SHARE**

Basic earnings per share is calculated by dividing the profit for the financial period attributable to ordinary equity holders of the Company by the number of ordinary shares in issue during the financial period.

	<b>1.1.2020 to 30.6.2020 RM'000</b>	<b>1.1.2019 to 30.6.2019 RM'000</b>
Profit attributable to ordinary equity holders	<u>51,331</u>	<u>40,600</u>
	<b>30.6.2020 '000</b>	<b>30.6.2019 '000</b>
Number of ordinary shares in issue	<u>212,151</u>	<u>212,151</u>
	<b>1.1.2020 to 30.6.2020 sen</b>	<b>1.1.2019 to 30.6.2019 sen</b>
Basic earnings per share	<u>24.20</u>	<u>19.14</u>

There have been no other transactions involving ordinary shares between the reporting date and the authorisation date of the unaudited interim condensed financial statements.

33. INSURANCE FUNDS

UNAUDITED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION BY FUNDS

	Total		Shareholder's Fund		General Fund	
	30.6.2020 RM'000	31.12.2019 RM'000	30.6.2020 RM'000	31.12.2019 RM'000	30.6.2020 RM'000	31.12.2019 RM'000
<b>Assets:</b>						
Property, plant and equipment	12,224	15,914	430	430	11,794	15,484
Investment properties	283,920	283,920	148,590	148,590	135,330	135,330
Right-of-use assets	6,548	6,428	-	-	6,548	6,428
Intangible assets	33,939	36,703	-	-	33,939	36,703
Investment in subsidiary	* -	* -	* -	* -	-	-
Investment in associate	152	152	152	152	-	-
Investments	1,472,793	1,398,755	801,602	722,544	671,191	676,211
Financing receivables	26,695	26,552	25,813	25,619	882	933
Reinsurance assets	3,140,197	2,953,227	-	-	3,140,197	2,953,227
Insurance receivables	517,792	320,600	-	-	517,792	320,600
Other assets	72,670	70,204	7,051	8,164	65,619	62,040
Derivative assets	838	-	390	-	448	-
Current tax assets	35,192	90,019	(29,728)	32,116	64,920	57,903
Cash and bank balances	27,382	9,443	734	47	26,648	9,396
<b>Total Assets</b>	<b>5,630,342</b>	<b>5,211,917</b>	<b>955,034</b>	<b>937,662</b>	<b>4,675,308</b>	<b>4,274,255</b>

\* Representing RM 1

33. INSURANCE FUNDS (CONTD.)

UNAUDITED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION BY FUNDS (CONTD.)

	Total		Shareholder's Fund		General Fund	
	30.6.2020 RM'000	31.12.2019 RM'000	30.6.2020 RM'000	31.12.2019 RM'000	30.6.2020 RM'000	31.12.2019 RM'000
<b><u>Equity and liabilities:</u></b>						
Share capital	229,879	229,879	229,879	229,879	-	-
Reserves	857,426	833,699	723,650	833,699	133,776	-
	<u>1,087,305</u>	<u>1,063,578</u>	<u>953,529</u>	<u>1,063,578</u>	<u>133,776</u>	<u>-</u>
Insurance contract liabilities	3,810,827	3,596,928	-	-	3,810,827	3,596,928
Deferred tax liabilities, net	42,413	42,742	21,614	20,932	20,799	21,810
Insurance payables	602,261	424,248	-	-	602,261	424,248
Other liabilities <sup>1</sup>	83,907	81,682	(20,009)	(149,587)	103,916	231,269
Current tax liabilities	3,629	2,739	(100)	2,739	3,729	-
<b>Total Liabilities</b>	<u>4,543,037</u>	<u>4,148,339</u>	<u>1,505</u>	<u>(125,916)</u>	<u>4,541,532</u>	<u>4,274,255</u>
<b>Total equity and liabilities</b>	<u>5,630,342</u>	<u>5,211,917</u>	<u>955,034</u>	<u>937,662</u>	<u>4,675,308</u>	<u>4,274,255</u>
Inter fund balances	-	-	(27,947)	(159,025)	27,947	159,025

<sup>1</sup> - Included in other liabilities is the amounts due to shareholders funds which are unsecured, not subject to any interest elements and are repayable on demand.



33. INSURANCE FUNDS (CONTD.)

UNAUDITED CONDENSED INTERIM INCOME STATEMENT/ REVENUE ACCOUNTS BY FUNDS

	Total		Shareholder's Fund		General Fund	
	1.1.2020 to 30.6.2020 RM'000	1.1.2019 to 30.6.2019 RM'000	1.1.2020 to 30.6.2020 RM'000	1.1.2019 to 30.6.2019 RM'000	1.1.2020 to 30.6.2020 RM'000	1.1.2019 to 30.6.2019 RM'000
<b>Operating revenue</b>	776,353	755,773	13,602	14,619	762,751	741,154
Gross earned premiums	653,612	613,276	-	-	653,612	613,276
Earned premiums ceded to reinsurers	(406,460)	(369,378)	-	-	(406,460)	(369,378)
<b>Net earned premiums</b>	247,152	243,898	-	-	247,152	243,898
Fee and commission income	27,846	36,230	-	-	27,846	36,230
Investment income	29,206	29,975	13,602	14,619	15,604	15,356
Realised (losses)/gains	(2,102)	702	2,529	1,926	(4,631)	(1,224)
Fair value gains	2,429	5,178	761	1,818	1,668	3,360
Other operating expenses, net	(508)	(5,575)	(990)	32	482	(5,607)
<b>Other revenue</b>	56,871	66,510	15,902	18,395	40,969	48,115
Gross benefits and claims paid	(86,694)	(230,527)	-	-	(86,694)	(230,527)
Claims ceded to reinsurers	(8,115)	118,108	-	-	(8,115)	118,108
Gross change to contract liabilities	(120,364)	(197,728)	-	-	(120,364)	(197,728)
Change in contract liabilities ceded to reinsurers	85,852	178,837	-	-	85,852	178,837
<b>Net benefits and claims</b>	(129,321)	(131,310)	-	-	(129,321)	(131,310)
Management expenses	(71,215)	(76,654)	(1,422)	(1,977)	(69,793)	(74,677)
Fee and commission expenses	(35,995)	(49,364)	-	-	(35,995)	(49,364)
<b>Other expenses</b>	(107,210)	(126,018)	(1,422)	(1,977)	(105,788)	(124,041)
Surplus for the period	67,492	53,080	14,480	16,418	53,012	36,662
Taxation	(16,161)	(12,480)	(3,758)	(4,126)	(12,403)	(8,354)
<b>Net profit for the period</b>	51,331	40,600	10,722	12,292	40,609	28,308
<b>Surplus transfer (net of tax) from:</b>						
- General Funds	-	-	40,609	28,308	(40,609)	(28,308)
<b>Net profit for the period</b>	51,331	40,600	51,331	40,600	-	-

33. INSURANCE FUNDS (CONTD.)

UNAUDITED CONDENSED INTERIM STATEMENT OF CASH FLOWS BY FUNDS

	Total		Shareholder's Fund		General Fund	
	1.1.2020 to 30.6.2020 RM'000	1.1.2019 to 30.6.2019 RM'000	1.1.2020 to 30.6.2020 RM'000	1.1.2019 to 30.6.2019 RM'000	1.1.2020 to 30.6.2020 RM'000	1.1.2019 to 30.6.2019 RM'000
Cash flows from:						
Operating activities	(56,258)	(80,139)	(38,816)	(19,877)	(17,442)	(60,262)
Investing activities	106,191	42,515	69,501	22,993	36,690	19,522
Financing activities	(31,994)	(859)	(29,998)	-	(1,996)	(859)
Net increase/(decrease) in cash and cash equivalents	17,939	(38,483)	687	3,116	17,252	(41,599)
Cash and cash equivalents:						
Cash and cash equivalents at beginning of period	9,443	64,652	47	4,387	9,396	60,265
Cash and cash equivalents at end of period	27,382	26,169	734	7,503	26,648	18,666