

Unaudited Condensed Interim Financial Statements

**For The Financial Period From
1 January 2022 To 30 June 2022**

BERJAYA SOMPO INSURANCE BERHAD
Registration No: 198001008821 (62605-U)
(Incorporated in Malaysia)

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BERJAYA SOMPO INSURANCE BERHAD
Registration No: 198001008821 (62605-U)
(Incorporated in Malaysia)

UNAUDITED CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2022

		Group		Company	
	Note	30.06.2022	31.12.2021	30.06.2022	31.12.2021
		RM'000	RM'000	RM'000	RM'000
ASSETS					
Property and equipment		86,601	87,488	86,601	87,488
Intangible assets		32,870	35,957	32,870	35,957
Investment properties	11	19,330	20,900	19,330	20,900
Right-of-use assets	12	1,416	626	1,416	626
Investments	13	1,889,510	1,952,996	1,979,173	2,001,919
Reinsurance assets	14	744,873	748,811	744,873	748,811
Insurance receivables	15	121,965	83,546	121,965	83,546
Other receivables	16	57,292	56,752	49,471	49,146
Deferred tax assets		17,875	11,831	23,173	11,926
Cash and cash equivalents		201,402	142,922	116,216	97,996
TOTAL ASSETS		3,173,134	3,141,829	3,175,088	3,138,315
EQUITY					
Share capital		118,000	118,000	118,000	118,000
Available-for-sale fair value reserve		(799)	11,277	(17,574)	10,979
Retained profits		878,637	961,294	900,845	961,686
Equity attributable to owner of the Company		995,838	1,090,571	1,001,271	1,090,665
Non-controlling interests		3,237	3,428	-	-
TOTAL EQUITY		999,075	1,093,999	1,001,271	1,090,665
LIABILITIES					
Insurance contract liabilities	17	1,862,645	1,831,905	1,862,645	1,831,905
Lease liabilities	12	1,377	627	1,377	627
Tax payable		17,744	15,916	17,744	15,916
Insurance payables	18	41,805	79,775	41,805	79,775
Other payables	19	250,488	119,607	250,246	119,427
TOTAL LIABILITIES		2,174,059	2,047,830	2,173,817	2,047,650
TOTAL EQUITY AND LIABILITIES		3,173,134	3,141,829	3,175,088	3,138,315

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

BERJAYA SOMPO INSURANCE BERHAD
Registration No: 198001008821 (62605-U)
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UNAUDITED CONDENSED INTERIM STATEMENTS OF PROFIT OR LOSS
FOR THE 6 MONTHS ENDED 30 JUNE 2022

		Group		Company	
		6 months ended	6 months ended	6 months ended	6 months ended
	Note	30.06.2022	30.06.2021	30.06.2022	30.06.2021
		RM'000	RM'000	RM'000	RM'000
Gross earned premiums		469,671	444,638	469,671	444,638
Earned premiums ceded to reinsurers		(122,467)	(97,332)	(122,467)	(97,332)
Net earned premiums		347,204	347,306	347,204	347,306
Investment income		26,199	26,236	26,508	25,368
Net realised (loss)/gains		(3,939)	5,350	(413)	3,846
Fair value losses		(17,056)	(10,331)	(105)	(96)
Commission income		24,540	25,688	24,540	25,688
Other operating income		4,319	3,090	4,319	3,090
Other revenue		34,063	50,033	54,849	57,896
Gross claims paid	17(a)	(253,666)	(177,178)	(253,666)	(177,178)
Claims ceded to reinsurers	17(a)	115,822	36,253	115,822	36,253
Gross change in contract liabilities	17(a)	341	(1,998)	341	(1,998)
Change in contract liabilities ceded to reinsurers	17(a)	(10,654)	(10,541)	(10,654)	(10,541)
Net claims incurred		(148,157)	(153,464)	(148,157)	(153,464)
Commission expense		(61,000)	(54,268)	(61,000)	(54,268)
Management expenses		(117,299)	(104,572)	(116,293)	(103,912)
Other expenses		(178,299)	(158,840)	(177,293)	(158,180)
Profit before tax		54,811	85,035	76,603	93,558
Tax expense		(13,544)	(17,996)	(13,544)	(17,996)
Net profit for the period		41,267	67,039	63,059	75,562
Earnings per share (sen)					
- Basic and Diluted		35.0	56.8	53.4	64.0

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BERJAYA SOMPO INSURANCE BERHAD
Registration No: 198001008821 (62605-U)
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UNAUDITED CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE INCOME
FOR THE 6 MONTHS ENDED 30 JUNE 2022

	Group		Company	
	6 months ended	6 months ended	6 months ended	6 months ended
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
	RM'000	RM'000	RM'000	RM'000
Net profit for the period	41,267	67,039	63,059	75,562
Other comprehensive income:				
Items that may be reclassified to profit or loss in subsequent periods:				
Available-for-sale fair value reserves :				
Net (losses)/gains on fair value changes	(16,302)	(33,267)	(37,983)	(42,214)
Realised loss/(gains) transferred to profit or loss	413	7,337	413	7,772
	(15,889)	(25,930)	(37,570)	(34,442)
Tax effects	3,813	6,223	9,017	8,266
	(12,076)	(19,707)	(28,553)	(26,176)
Total comprehensive income for the period	29,191	47,332	34,506	49,386
Profit attributable to:				
Equity holder of the Company	41,243	66,985	63,059	75,562
Non-controlling interests	24	54	-	-
	41,267	67,039	63,059	75,562
Total comprehensive income attributable to:				
Equity holder of the Company	29,167	47,278	34,506	49,386
Non-controlling interests	24	54	-	-
	29,191	47,332	34,506	49,386

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

BERJAYA SOMPO INSURANCE BERHAD
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UNAUDITED CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY
FOR THE 6 MONTHS ENDED 30 JUNE 2022

Group	← Attributable to the owner of the Group →			Total equity RM'000	Non-Controlling Interest RM'000	Total equity RM'000
	Share capital RM'000	Non-distributable Available-for-sale fair value reserve RM'000	Distributable Retained profits RM'000			
At 1 January 2022	118,000	11,277	961,294	1,090,571	3,428	1,093,999
Net cancellation of units in subsidiaries	-	-	-	-	(215)	(215)
Net profit for the period	-	-	41,243	41,243	24	41,267
Other comprehensive loss for the period	-	(12,076)	-	(12,076)	-	(12,076)
Total comprehensive income for the period	-	(12,076)	41,243	29,167	24	29,191
Dividend payable	-	-	(123,900)	(123,900)	-	(123,900)
At 30 June 2022	118,000	(799)	878,637	995,838	3,237	999,075
At 1 January 2021	118,000	39,431	867,066	1,024,497	2,773	1,027,270
Net creation of units in subsidiaries	-	-	-	-	885	885
Net Profit for the period	-	-	66,985	66,985	54	67,039
Other comprehensive income for the period	-	(19,707)	-	(19,707)	-	(19,707)
Total comprehensive income for the period	-	(19,707)	66,985	47,278	54	47,332
Dividend payable	-	-	(60,180)	(60,180)	-	(60,180)
At 30 June 2021	118,000	19,724	873,871	1,011,595	3,712	1,015,307

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UNAUDITED CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY
FOR THE 6 MONTHS ENDED 30 JUNE 2022

Company	← Attributable to the owner of the Group →			Total equity RM'000
	Share capital RM'000	Non-distributable Available-for-sale fair value reserve RM'000	Distributable Retained profits RM'000	
At 1 January 2022	118,000	10,979	961,686	1,090,665
Net Profit for the period	-	-	63,059	63,059
Other comprehensive income for the period	-	(28,553)	-	(28,553)
Total comprehensive income for the period	-	(28,553)	63,059	34,506
Dividend payable	-	-	(123,900)	(123,900)
At 30 June 2022	118,000	(17,574)	900,845	1,001,271
At 1 January 2021	118,000	53,088	849,097	1,020,185
Net Profit for the period	-	-	75,562	75,562
Other comprehensive income for the period	-	(26,176)	-	(26,176)
Total comprehensive income for the period	-	(26,176)	75,562	49,386
Dividend payable	-	-	(60,180)	(60,180)
At 30 June 2021	118,000	26,912	864,479	1,009,391

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BERJAYA SOMPO INSURANCE BERHAD
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UNAUDITED CONDENSED INTERIM STATEMENTS OF CASH FLOW
FOR THE 6 MONTHS ENDED 30 JUNE 2022

	Group		Company	
	6 months ended 30.06.2022 RM'000	6 months ended 30.06.2021 RM'000	6 months ended 30.06.2022 RM'000	6 months ended 30.06.2021 RM'000
<u>Operating activities</u>				
Profit before tax	54,811	85,035	76,603	93,558
Adjustment for :				
Investment income	(27,680)	(27,490)	(26,508)	(25,368)
Amortisation of premium	1,481	1,254	-	1
Sundry income	(3,998)	(3,074)	(3,998)	(3,074)
Net realised loss/(gain) on AFS investments	413	(3,846)	413	(3,846)
Gain on disposal of property and equipment	(297)	-	(297)	-
Loss/(gain) on disposal of FVTPL financial assets	3,526	(1,504)	-	-
Fair value loss on FVTPL financial assets recorded in profit or loss	16,951	10,235	-	-
Fair value loss on investment properties	105	96	105	96
Allowance/(write back) of impairment on:				
Insurance receivables	345	(2,440)	345	(2,440)
Property and equipment written off	-	1	-	1
Depreciation of property and equipment	2,312	2,630	2,312	2,630
Depreciation of right-of-use assets	166	211	166	211
Lease interest expenses	20	14	20	14
Lease adjustment/termination	(55)	-	(55)	-
Amortisation of intangible assets	3,995	4,183	3,995	4,183
Operating cash flows before working capital changes	52,095	65,305	53,101	65,966
Increase in insurance receivables	(38,764)	(2,989)	(38,764)	(2,989)
Decrease in other assets	3,778	5,576	3,778	5,576
Decrease in reinsurance assets	3,938	2,422	3,938	2,422
Increase in insurance contract liabilities	30,740	9,735	30,740	9,735
(Decrease)/increase in insurance payables	(37,970)	16,916	(37,970)	16,916
Increase/(decrease) in other liabilities	6,981	(26,308)	6,919	(31,214)
	(31,297)	5,352	(31,359)	446
Dividend/distribution income received	9,994	14,226	25,084	23,384
Interest income received	16,896	11,595	1,017	1,864
Rental income received	302	121	302	121
Income tax paid	(13,947)	(7,947)	(13,947)	(7,947)
Net cash flows generated from operating activities	34,043	88,652	34,198	83,834

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UNAUDITED CONDENSED INTERIM STATEMENTS OF CASH FLOW (CONT'D)
FOR THE 6 MONTHS ENDED 30 JUNE 2022

	Group		Company	
	6 months ended 30.06.2022 RM'000	6 months ended 30.06.2021 RM'000	6 months ended 30.06.2022 RM'000	6 months ended 30.06.2021 RM'000
<u>Investing activities</u>				
Purchase of property and equipment	(1,426)	(1,951)	(1,426)	(1,951)
Purchase of intangible assets	(908)	(6,230)	(908)	(6,230)
Proceeds from sale of property and equipment	298	-	298	-
Withdrawals of fixed deposits	4,400	93,780	4,400	93,780
Purchase of financial assets	(241,496)	(665,961)	(165,129)	(651,411)
Proceeds from sale of financial assets	264,004	587,734	146,958	500,023
Net cash flows used in investing activities	<u>24,872</u>	<u>7,372</u>	<u>(15,807)</u>	<u>(65,789)</u>
<u>Financing activities</u>				
Cash proceeds from unit created	15,383	2,063	-	-
Payment for cancellation of units	(491)	(11,185)	-	-
Distributions paid	(15,156)	(9,212)	-	-
Payment of lease liabilities	(171)	(213)	(171)	(213)
Net cash flows used in financing activities	<u>(435)</u>	<u>(18,547)</u>	<u>(171)</u>	<u>(213)</u>
Net increase in cash and cash equivalents	58,480	77,477	18,220	17,832
Cash and cash equivalents at beginning of period	142,922	111,860	97,996	91,534
Cash and cash equivalents at end of period	<u>201,402</u>	<u>189,337</u>	<u>116,216</u>	<u>109,366</u>

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

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office and principal place of business of the Company is located at 1-38-1 & 1-38-2, Menara Bangkok Bank, Laman Sentral Berjaya, No 105, Jalan Ampang, 50450, Kuala Lumpur.

The immediate holding company is Sampo Holdings (Asia) Pte. Ltd., which is incorporated in Singapore. The ultimate holding company is Sampo Holdings, Inc which is incorporated in Japan and listed on the Tokyo Stock Exchange.

2. BASIS OF PREPARATION

The unaudited condensed interim financial statements have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") 134 Interim Financial Reporting as issued by Malaysia Accounting Standards Board ("MASB") and International Financial Reporting Standards ("IAS") 34 Interim Financial Reporting as issued by International Accounting Standards Board ("IASB").

The unaudited condensed interim financial statements have been prepared under the historical cost convention, unless otherwise stated in the significant accounting policies.

As at the reporting date, the Group and Company has met the minimal capital adequacy requirements as prescribed under the Risk-Based Capital ("RBC") Framework issued by Bank Negara Malaysia ("BNM").

The unaudited condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group and the Company's audited financial statements for the financial year ended 31 December 2021.

The notes attached to the unaudited condensed interim 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 Group and Company since the financial year ended 31 December 2021.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and presentation adopted by the Group and the Company for the unaudited condensed interim financial statements are consistent with those adopted in the Group and the Company audited financial statements for the financial year ended 31 December 2021, except for the adoption of the following:

Description	Effective date
• Amendments to MFRSs contained in the document entitled "Annual Improvements to MFRS Standards 2018-2020"	1 January 2022
• Amendments to MFRS 3 Business Combinations - Reference to the Conceptual Framework	1 January 2022
• Amendments to MFRS 116 Property, Plant and Equipment - Property, Plant and Equipment-Proceeds before Intended Use	1 January 2022
• Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts-Cost of Fulfilling a Contract	1 January 2022

The adoption of the above amendments to MFRSs do not have any significant financial impact to the financial statements of the Group and the Company.

The Group and the Company have not adopted the following new MFRS and amendments to accounting standards issued by MASB as they are not yet effective:

Description	Effective date
• MFRS 17 Insurance Contracts and Amendments to MFRS 17 Insurance Contracts	1 January 2023
• Amendments to MFRS 101 Presentation of Financial Statements - Classification of Liabilities as Current or Non-current	1 January 2023
• Amendments to MFRS 101 Presentation of Financial Statements - Disclosure of Accounting Policies	1 January 2023
• Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates	1 January 2023
• Amendments to MFRS 112 Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
• Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures - Sale or Distribution of Assets between an Investor and its Associate or Joint Venture	to be determined by MASB

The initial application of the abovementioned accounting standards and amendments to standards are not expected to have any material impacts to the financial statements of the Group and the Company except as mentioned below:

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

MFRS 17 Insurance Contracts and Amendments to MFRS 17 Insurance Contracts

MFRS 17 and Amendments to MFRS 17 are effective for reporting periods beginning on or after 1 January 2023. MFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supercedes MFRS 4 Insurance Contracts.

MFRS 17 outlines a general measurement model where estimates are re-measured at each reporting period. The measurement is based on the building blocks of discounted, probability-weighted cash flows, a risk adjustment and a contractual service margin ("CSM") representing the unearned profit of the contract. An entity has a policy option to recognise the impact of changes in discount rates and other assumptions that relate to financial risks either in profit or loss or in other comprehensive income.

Alternative measurement models are provided for the different insurance coverages:

- Simplified Premium allocation approach if the insurance coverage period is a year or less
- Variable fee approach should be applied for insurance contracts that specify a link between payments to the policyholder and the returns on the underlying items

The Group and the Company plan to adopt the new standard on the required effective date together with MFRS 9. The Group and the Company expect that the new standard and proposed amendments thereon may result in an important change to the accounting policies for insurance contract assets and liabilities of the Group and the Company and is likely to have a significant impact on the results and total equity together with the Group and the Company's financial statements presentation and disclosures. A Project Steering Committee has been formed to oversee the implementation of MFRS 17 and the committee is currently working closely with the external consultant in assessing the financial and other implications that may arise during the implementation of MFRS 17.

4. PRINCIPAL ACTIVITY

The principal activity of the Company is underwriting of general insurance business. There has been no significant change in the nature of the principal activity during the interim financial period.

5. MATERIAL CHANGES IN ESTIMATES

There were no material changes in the basis used for accounting estimates for the interim financial period ended 30 June 2022.

6. MATERIAL EVENTS SUBSEQUENT TO THE END OF INTERIM PERIOD

There were no material events subsequent to the end of the interim financial period that have not been reflected in the unaudited interim financial statements.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONT'D)

7. DEBTS AND EQUITY SECURITIES

There were no issuance, cancellation, repurchases, resale and repayment of debt and equity securities by the Company in the current financial period ended 30 June 2022.

8. UNUSUAL ITEMS

There were no other unusual items affecting assets, liabilities, equity, net income or cash flow of the Group and the Company for the financial period ended 30 June 2022.

9. DIVIDEND PAYMENT

A proposed dividend of RM123,900,000 has been approved by the Board of Directors and Bank Negara Malaysia. The dividend will be paid to the owners of the Company on 1 July 2022.

10. COMPOSITION OF THE GROUP AND THE COMPANY

The Group consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date have been prepared in conformity with MFRS 10. The subsidiaries consist of three wholesale funds.

11. INVESTMENT PROPERTIES

	30.06.2022	31.12.2021
Group and Company	RM'000	RM'000
At 1 January	20,900	23,210
Fair value adjustment	(400)	(1,816)
Disposal	(1,170)	(494)
At 30 June / 31 December	<u>19,330</u>	<u>20,900</u>

Investment properties are stated at fair value based on valuations that reflect market conditions using comparison method. The company revalued its investment properties based on an independent valuation performed by an accredited valuer.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONT'D)

12. LEASES

Group and Company	Right-of-use assets RM'000	Lease liabilities RM'000
At 1 January 2022	626	627
Additions	1,087	1,086
Terminations	(57)	(58)
Accretion of interest	-	20
Depreciation charge	(166)	-
Rental paid	-	(171)
Adjustment	(74)	(127)
At 30 June 2022	<u>1,416</u>	<u>1,377</u>
At 1 January 2021	1,030	1,025
Additions	-	-
Terminations	(1)	(8)
Accretion of interest	-	28
Depreciation charge	(403)	-
Rental paid	-	(409)
Adjustment/Rent concessions	-	(9)
At 31 December 2021	<u>626</u>	<u>627</u>

Set out below are the breakdown of the carrying amounts of right-of-use assets and the movements during the year:

Group and Company	Properties RM'000	Other equipment RM'000	Total RM'000
At 1 January 2022	626	-	626
Additions	1,087	-	1,087
Terminations	(57)	-	(57)
Depreciation charge	(166)	-	(166)
Adjustment	(74)	-	(74)
At 30 June 2022	<u>1,416</u>	<u>-</u>	<u>1,416</u>
At 1 January 2021	1,023	7	1,030
Additions	-	-	-
Terminations/Adjustment	(1)	-	(1)
Depreciation charge	(396)	(7)	(403)
At 30 December 2021	<u>626</u>	<u>-</u>	<u>626</u>

Set out below are the breakdown of the carrying amounts of lease liabilities based on current and non-current classification:

	30.06.2022 RM'000	31.12.2021 RM'000
Current	299	364
Non-Current	<u>1,078</u>	<u>263</u>
	<u>1,377</u>	<u>627</u>

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONT'D)

13. INVESTMENTS

	Group		Company	
	30.06.2022	31.12.2021	30.06.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000
MGS/GII*	106,420	118,283	-	-
Corporate Bonds	706,675	620,660	-	-
Equity securities	63,064	64,394	63,064	64,394
Unit trust funds	1,011,751	1,143,659	1,914,509	1,931,525
Deposits with financial institutions	1,600	6,000	1,600	6,000
	<u>1,889,510</u>	<u>1,952,996</u>	<u>1,979,173</u>	<u>2,001,919</u>

* Malaysian Government Securities (MGS)/Government Investment Issues (GII)

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

	Group		Company	
	30.06.2022	31.12.2021	30.06.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000
Financial assets at fair value through profit or loss ("FVTPL")	813,095	738,943	-	-
Loans and receivables ("LAR")	1,600	6,000	1,600	6,000
Available-for-sale ("AFS") financial assets	1,074,815	1,208,053	1,977,573	1,995,919
	<u>1,889,510</u>	<u>1,952,996</u>	<u>1,979,173</u>	<u>2,001,919</u>

(a) Financial assets at FVTPL

	Group		Company	
	30.06.2022	31.12.2021	30.06.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000
MGS/GII*	106,420	118,283	-	-
Corporate Bonds	706,675	620,660	-	-
	<u>813,095</u>	<u>738,943</u>	<u>-</u>	<u>-</u>

* Malaysian Government Securities (MGS)/Government Investment Issues (GII)

(b) LAR

	Group		Company	
	30.06.2022	31.12.2021	30.06.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000
Amortised cost				
Deposits with financial institutions	1,600	6,000	1,600	6,000

The carrying value of the deposits approximate fair value due to their relatively short term maturities.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONT'D)

13. INVESTMENTS (CONT'D)

(c) AFS financial assets

	Group		Company	
	30.06.2022	31.12.2021	30.06.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000
Fair value				
Unit trust funds	1,011,751	1,143,659	1,914,509	1,931,525
Equity securities:				
- Quoted in Malaysia	62,946	64,276	62,946	64,276
	<u>1,074,697</u>	<u>1,207,935</u>	<u>1,977,455</u>	<u>1,995,801</u>
Cost				
Equity securities:				
- Unquoted in Malaysia	118	118	118	118
	<u>1,074,815</u>	<u>1,208,053</u>	<u>1,977,573</u>	<u>1,995,919</u>

14. REINSURANCE ASSETS

	30.06.2022	31.12.2021
Group and Company	RM'000	RM'000
Reinsurance of insurance contracts:		
Claims liabilities (Note 17 (a))	673,802	684,456
Premium liabilities (Note 17 (b))	71,071	64,355
	<u>744,873</u>	<u>748,811</u>

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONT'D)

15. INSURANCE RECEIVABLES

Group and Company	30.06.2022 RM'000	31.12.2021 RM'000
Amount due from agents, brokers and co-insurers	116,674	82,751
Amount due from reinsurers and cedants	6,138	453
Amount due from related parties (Note 22)	1,498	2,342
Allowance for impairment losses	(2,345)	(2,000)
	<u>121,965</u>	<u>83,546</u>

The breakdown of allowance for impairment losses are as follows:

	Individually impaired RM'000	Collectively impaired RM'000	Total RM'000
At 1 January 2022	1,117	883	2,000
(Write back)/allowance for impairment loss	(31)	376	345
At 31 June 2022	<u>1,086</u>	<u>1,259</u>	<u>2,345</u>
At 1 January 2021	1,660	3,800	5,460
Write back for impairment loss	(543)	(2,917)	(3,460)
Reversal of allowance for impairment losses	(243)	(391)	(634)
Bad debts written-off net of recovery	243	391	634
At 31 December 2021	<u>1,117</u>	<u>883</u>	<u>2,000</u>

16. OTHER RECEIVABLES

	Group		Company	
	30.06.2022 RM'000	31.12.2021 RM'000	30.06.2022 RM'000	31.12.2021 RM'000
Other receivables and deposits	9,520	7,579	9,520	7,579
Staff loans	2	3	2	3
Interest income due and accrued	8,854	8,638	1,033	1,032
Amount due from related parties (Note 22)	1,607	1,784	1,607	1,784
Share of other assets held under Malaysia Motor Insurance Pool ("MMIP") (Net*)	<u>37,309</u>	<u>38,748</u>	<u>37,309</u>	<u>38,748</u>
	<u>57,292</u>	<u>56,752</u>	<u>49,471</u>	<u>49,146</u>

* As a participating member of MMIP, the Company shares a proportion of the Pool's net assets/liabilities. At each reporting date, the Company accounts for its share of net assets, liabilities and performance of the Pool. The net assets held under MMIP represent the Company's share of the Pool's net assets, before insurance contract liabilities. The Company's share of the Pool's insurance contract liabilities is disclosed in Note 17.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONT'D)

17. INSURANCE CONTRACT LIABILITIES

	Note	30.06.2022	31.12.2021
		Gross Reinsurance Net	Gross Reinsurance Net
		RM'000 RM'000 RM'000	RM'000 RM'000 RM'000
Provision for claims reported by policyholders		907,261 (452,569) 454,692	753,292 (321,278) 432,014
Provision for IBNR		528,903 (221,233) 307,670	683,213 (363,178) 320,035
Claims liabilities	(a)	1,436,164 (673,802) 762,362	1,436,505 (684,456) 752,049
Premium liabilities	(b)	426,481 (71,071) 355,410	395,400 (64,355) 331,045
Insurance contract liabilities		1,862,645 (744,873) 1,117,772	1,831,905 (748,811) 1,083,094

(a) Claims liabilities

At 1 January	1,436,505	(684,456)	752,049	1,082,412	(342,338)	740,074
Claims incurred for the current accident year	340,342	(107,160)	233,182	870,908	(457,917)	412,991
Movement to claims incurred in prior accident years (direct & facultative)	(82,138)	754	(81,384)	(229,712)	83,926	(145,786)
Movement in MMIP claims liabilities	(4,814)	-	(4,814)	(2,139)	-	(2,139)
Claims incurred during the period (treaty inwards claims)	(184)	-	(184)	41	-	41
Movement in Fund PRAD of claims liabilities at 75% confidence level	70	1,238	1,308	32,188	(32,806)	(618)
Movement in claims handling expenses	49	-	49	4,399	-	4,399
Claims paid during the year	(253,666)	115,822	(137,844)	(321,592)	64,678	(256,914)
At 30 June / 31 December	1,436,164	(673,802)	762,362	1,436,505	(684,456)	752,049

(b) Premium liabilities

At 1 January	395,400	(64,355)	331,045	377,932	(52,850)	325,082
Premiums written during the period	500,752	(129,183)	371,569	901,228	(209,780)	691,448
Premiums earned during the period	(469,671)	122,467	(347,204)	(883,760)	198,275	(685,485)
At 30 June / 31 December	426,481	(71,071)	355,410	395,400	(64,355)	331,045

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONT'D)

18. INSURANCE PAYABLES

Group and Company	30.06.2022 RM'000	31.12.2021 RM'000
Amount due to agents, brokers, insureds and co-insurers	15,859	15,919
Amount due to reinsurers and ceding companies	24,116	61,436
Amount due to related parties (Note 22)	1,830	2,420
	<u>41,805</u>	<u>79,775</u>

19. OTHER PAYABLES

	Group		Company	
	30.06.2022 RM'000	31.12.2021 RM'000	30.06.2022 RM'000	31.12.2021 RM'000
Accrued liabilities	71,089	69,679	71,089	69,679
Other payables	31,953	15,439	31,711	15,259
Provision of financial penalty	8,088	8,088	8,088	8,088
Cash collateral held on behalf of insureds	4,628	3,449	4,628	3,449
Dividend Payable (Note 22)	123,900	-	123,900	-
Amount due to related parties (Note 22)	10,830	22,952	10,830	22,952
	<u>250,488</u>	<u>119,607</u>	<u>250,246</u>	<u>119,427</u>

20. EARNINGS PER SHARE

Basic and diluted earnings per share is calculated by dividing the net profit for the year by the weighted average number of ordinary shares in issue during the financial year.

	Group		Company	
	30.06.2022	31.12.2021	30.06.2022	31.12.2021
Net profit for the period (RM'000)	41,267	154,428	63,059	172,769
Number of ordinary shares in issue ('000)	118,000	118,000	118,000	118,000
Earnings per share (sen)	<u>35.0</u>	<u>130.9</u>	<u>53.4</u>	<u>146.4</u>

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONT'D)

21. RELATED PARTY TRANSACTIONS

The significant related party transactions during the period are as follows:

Group and Company	30.06.2022 RM'000	31.12.2021 RM'000
Income		
Premium received	1,579	8,741
Commission received	6,563	11,514
Claims recovery	9,562	9,998
Other Income	180	159
	<u>17,884</u>	<u>30,412</u>
Expenditure		
Premiums ceded	(21,814)	(42,164)
Commissions paid	(232)	(973)
Claims paid	(1,256)	(5,364)
Expenses net of recoveries	(10,201)	(22,123)
	<u>(33,503)</u>	<u>(70,624)</u>

22. RELATED PARTY BALANCES

The significant related party balances during the period are as follows:

Group and Company	30.06.2022 RM'000	31.12.2021 RM'000
<u>Payable</u>		
Dividend Payable (Note 19)		
Sompo Holdings (Asia) Pte. Ltd.	(86,730)	-
Berjaya Capital Berhad	(37,170)	-
Amount due to related parties (Note 18 & Note 19)		
Sompo Japan Insurance Inc.	(7,129)	(18,780)
Sompo Holdings (Asia) Pte. Ltd.	(3,673)	(5,592)
Sompo Insurance Singapore Pte. Ltd.	(5)	(5)
Sompo Insurance (Hong Kong) Co., Ltd.	(1,772)	(919)
Asia Insurance Co., Ltd.	(69)	(64)
Other related companies	(12)	(12)
<u>Receivable</u>		
Amount due from related parties (Note 15 & Note 16)		
Sompo Japan Insurance Inc.	1,561	2,332
Sompo Holdings (Asia) Pte. Ltd.	-	6
Sompo Insurance Singapore Pte. Ltd.	2	2
Endurance Worldwide Insurance Ltd.	46	-
Asia Insurance Co., Ltd.	21	-
Berjaya Corporation Berhad and its related companies	1,475	1,765
Other related companies	-	21

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONT'D)

23. FAIR VALUE HIERARCHY

The following tables analyse assets which are carried at fair value and assets for which fair value are disclosed according to their fair value hierarchy, defined as follows:

i. Level 1

Quoted (unadjusted) market prices in active markets for identical assets or liabilities

ii. Level 2

Valuation techniques for which all inputs that are significant to the fair value measurement is directly or indirectly observable

iii. Level 3

Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONT'D)

23. FAIR VALUE HIERARCHY (CONT'D)

Group	30.06.2022				31.12.2021			
	Fair value measurement using:				Fair value measurement using:			
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Assets measured at fair value on a recurring basis:								
Investment properties	-	-	19,330	19,330	-	-	20,900	20,900
AFS - Equity securities	62,946	-	-	62,946	64,276	-	-	64,276
AFS - Unit trust funds	1,011,751	-	-	1,011,751	1,143,659	-	-	1,143,659
FVTPL - MGS/GII	-	106,420	-	106,420	-	118,283	-	118,283
FVTPL - Corporate Bonds	-	706,675	-	706,675	-	620,660	-	620,660
	<u>1,074,697</u>	<u>813,095</u>	<u>19,330</u>	<u>1,907,122</u>	<u>1,207,935</u>	<u>738,943</u>	<u>20,900</u>	<u>1,967,778</u>

There has been no transfer between level 1 and level 2 of the fair value hierarchy during the period.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONT'D)

23. FAIR VALUE HIERARCHY (CONT'D)

Company	30.06.2022				31.12.2021			
	Fair value measurement using:				Fair value measurement using:			
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Assets measured at fair value on a recurring basis:								
Investment properties	-	-	19,330	19,330	-	-	20,900	20,900
AFS - Equity securities	62,946	-	-	62,946	64,276	-	-	64,276
AFS - Unit trust funds	1,914,509	-	-	1,914,509	1,931,525	-	-	1,931,525
	<u>1,977,455</u>	<u>-</u>	<u>19,330</u>	<u>1,996,785</u>	<u>1,995,801</u>	<u>-</u>	<u>20,900</u>	<u>2,016,701</u>

There has been no transfer between level 1 and level 2 of the fair value hierarchy during the period.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONT'D)

24. CAPITAL COMMITMENT

	30.06.2022	31.12.2021
	RM'000	RM'000
Capital expenditure approved and contracted for :		
Property, plant and equipment	191	1,365
Intangible assets	1,684	1,872
	<u>1,875</u>	<u>3,237</u>

25. REGULATORY CAPITAL REQUIREMENT

The Company's Internal Capital Adequacy Assessment Process ("ICAAP") Framework is in place to manage and maintain capital adequacy level that commensurate with its risk profile at all times and to ensure that adequate capital resources are available to maintain Capital Adequacy Ratio ("CAR") above Individual Target Capital Level ("ITCL") and Supervisory Level. Pursuant to the Risk-Based Capital Framework issued by BNM, the Company has met the minimum CAR of 130%.

The total capital available of the Company as at 30 June 2022, as prescribed under the RBC Framework is provided below:

	30.06.2022	31.12.2021
	RM'000	RM'000
Eligible Tier 1 Capital		
Share capital (paid-up)	118,000	118,000
Retained earnings	900,845	961,686
	<u>1,018,845</u>	<u>1,079,686</u>
Tier 2 Capital		
Available-for-sale reserves	<u>(17,574)</u>	<u>10,979</u>
Deductions		
Intangible assets	32,870	35,957
Deferred tax income / (expense)	2,230	523
Deferred tax assets	23,173	11,926
	<u>58,273</u>	<u>48,405</u>
Total capital available	<u>942,998</u>	<u>1,042,260</u>

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONT'D)

26. DEVELOPMENTS ON MYCC CASE

On 22 February 2017, the Company received a statutory notice of the proposed decision by Malaysian Competition Commission ("MyCC") that the Company and the other 21 members of PIAM (collectively "the Parties") have infringed one of the prohibitions under Part II of the Competition Act, 2010 ("Act") ("Proposed Decision"). The Proposed Decision amongst others imposed financial penalties on the Parties amounting to a total sum of RM213,454,814. The Company's share of the financial penalty was for the sum of RM10,784,489.

A denovo hearing of the oral representations before MyCC was concluded on 18 June 2019.

On 14 September 2020, MyCC delivered its decision in finding the Parties infringed section 40 of the Act and imposed financial penalty on the Parties ("Penalty").

Taking into account the impact of economic situation arising from the outbreak of global COVID-19 pandemic, MyCC granted a 25% reduction on the financial penalty imposed on the Parties.

The Company appealed against the entire MyCC Decision ("Appeal") to the Commission of Appeal Tribunal ("CAT") and filed an application for stay of payment of the financial penalty pending final disposal of the Appeal ("Stay Application"), which was subsequently allowed by CAT.

Considering the development and progress, coupled with the uncertainty over the final outcome, the Group and the Company have made a provision of RM8,088,367 in the financial statements.

On 1 July 2022, PIAM was informed by the secretary of the CAT that there will be a delay in fixing the decision date.