



**Berjaya Sampo Insurance Berhad** (62605-U)  
(Incorporated in Malaysia)

**Unaudited Interim Financial Statement**

**For the Financial Period from**

**1 January 2017 to 30 June 2017**

**Company No. 62605-U**

**BERJAYA SOMPO INSURANCE BERHAD**  
**(Incorporated in Malaysia)**

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**BERJAYA SOMPO INSURANCE BERHAD**  
(Incorporated in Malaysia)

**UNAUDITED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2017**

	<b>Note</b>	<b>30.06.2017</b> <b>RM'000</b>	<b>31.12.2016</b> <b>RM'000</b>
<b>ASSETS</b>			
Property and equipment		102,453	105,696
Intangible assets		21,984	15,937
Investment properties	10	20,176	18,030
Investments	11	1,295,812	1,171,987
Reinsurance assets	12	224,082	246,787
Insurance receivables	13	96,668	71,971
Other receivables	14	71,599	77,846
Taxation		3,897	1,119
Cash and cash equivalents		92,026	121,383
<b>TOTAL ASSETS</b>		<b>1,928,697</b>	<b>1,830,756</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital		118,000	118,000
Available-for-sale reserves		48,475	23,056
Retained profits		631,981	604,526
<b>TOTAL EQUITY</b>		<b>798,456</b>	<b>745,582</b>
<b>LIABILITIES</b>			
Insurance contract liabilities	15	1,003,905	982,735
Deferred tax liabilities		15,851	5,655
Insurance payables	16	69,549	57,918
Other payables	17	40,936	38,866
<b>TOTAL LIABILITES</b>		<b>1,130,241</b>	<b>1,085,174</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,928,697</b>	<b>1,830,756</b>

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

**BERJAYA SOMPO INSURANCE BERHAD**  
(Incorporated in Malaysia)

**UNAUDITED INCOME STATEMENT**  
**FOR THE PERIOD FROM 1 JANUARY 2017 TO 30 JUNE 2017**

	<b>Note</b>	<b>01.01.2017 to 30.06.2017 RM'000</b>	<b>01.01.2016 to 30.06.2016 RM'000</b>
Gross earned premiums	18(a)	387,620	361,459
Premiums ceded to reinsurers	18(b)	(93,589)	(79,129)
<b>Net earned premiums</b>		<u>294,031</u>	<u>282,330</u>
Investment income	19(a)	22,906	25,797
Realised gains and losses	19(b)	986	478
Fair value gains and losses	19(c)	(1,387)	(1,439)
Commission income	19(d)	23,514	18,149
Other operating income	19(e)	1,188	2,152
<b>Other revenue</b>		<u>47,207</u>	<u>45,137</u>
Gross claims paid		(210,745)	(240,500)
Claims ceded to reinsurers		37,347	78,898
Gross change in contract liabilities		(2,107)	2,509
Change in contract liabilities ceded to reinsurers		(17,226)	(23,819)
<b>Net claims incurred</b>	20	<u>(192,731)</u>	<u>(182,912)</u>
Commission expense	21(a)	(50,270)	(46,698)
Management expenses	21(b)	(64,137)	(58,312)
<b>Other expenses</b>		<u>(114,407)</u>	<u>(105,010)</u>
<b>Profit before tax</b>		34,100	39,545
Tax expense		(6,645)	(9,491)
<b>Net profit for the period</b>		<u>27,455</u>	<u>30,054</u>
<b>Earnings per share (sen) - Basic</b>	22	<u>23</u>	<u>25.5</u>

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

Company No. 62605-U

**BERJAYA SOMPO INSURANCE BERHAD**  
(Incorporated in Malaysia)

**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE PERIOD FROM 1 JANUARY 2017 TO 30 JUNE 2017**

	<b>6 months ended 30.06.2017 RM'000</b>	<b>6 months ended 30.06.2016 RM'000</b>
<b>Net profit for the period</b>	27,455	30,054
Other comprehensive (loss)/income to be classified to the income statement in subsequent periods:		
Available-for-sale fair value reserves :		
Net unrealised (loss) / gain on fair value changes	32,851	5,109
Transfer to profit or loss upon disposal	595	-
	<u>33,446</u>	<u>5,109</u>
Tax effects	(8,027)	(793)
	<u>25,419</u>	<u>4,316</u>
<b>Total comprehensive income for the period</b>	<u>52,874</u>	<u>34,370</u>

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

**BERJAYA SOMPO INSURANCE BERHAD**  
(Incorporated in Malaysia)

**UNAUDITED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD FROM 1 JANUARY 2017 TO 30 JUNE 2017**

	Non - distributable Share capital RM'000	Available- for sale reserves RM'000	Distributable Retained profits RM'000	Total equity RM'000
<b>At 1 January 2016</b>	118,000	18,238	549,496	685,734
Profit for the period	-	-	30,054	30,054
Other comprehensive income for the period	-	4,316	-	4,316
Total comprehensive income for the period	-	4,316	30,054	34,370
<b>At 30 June 2016</b>	<b>118,000</b>	<b>22,554</b>	<b>579,550</b>	<b>720,104</b>
<b>At 1 January 2017</b>	118,000	23,056	604,526	745,582
Profit for the period	-	-	27,455	27,455
Other comprehensive income for the period	-	25,419	-	25,419
Total comprehensive income for the period	-	25,419	27,455	52,874
<b>At 30 June 2017</b>	<b>118,000</b>	<b>48,475</b>	<b>631,981</b>	<b>798,456</b>

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

**BERJAYA SOMPO INSURANCE BERHAD**  
(Incorporated in Malaysia)

**UNAUDITED CASH FLOWS STATEMENT**  
**FOR THE PERIOD FROM 1 JANUARY 2017 TO 30 JUNE 2017**

	<b>6 months ended 30.06.2017 RM'000</b>	<b>6 months ended 30.06.2016 RM'000</b>
<b><u>Operating activities</u></b>		
<b>Cash flows from operating activities</b>		
Profit Before Tax	34,100	39,545
<b>Adjustments for:</b>		
Investment Income	(24,688)	(25,900)
Realised gains recorded in profit or loss	(774)	(470)
Fair Value recorded in profit and loss	(415)	245
Gain on disposal of property and equipment	(206)	(8)
Property and equipment written off	2	
Amortisation of premium	126	103
Impairment allowance		
Investment	1,802	1,194
Insurance Receivables	831	5,869
Bad Debts Recovery	(12)	(12)
Depreciation on property and equipment	2,545	2,117
Amortisation on intangible assets	770	234
Operating profit before working capital changes	<u>(20,019)</u>	<u>(16,628)</u>
<b>Changes in Working Capital:</b>		
Decrease/(increase) in insurance receivable	(25,516)	(25,794)
Decrease/(increase) in other receivable	6,192	(29,316)
Decrease/(increase) in reinsurance assets	22,705	26,904
Decrease/(increase) in LAR	(12,180)	11,532
Increase/(decrease) in insurance contract liabilities	21,169	14,739
Increase/(decrease) in insurance payable	11,631	17,007
Increase/(decrease) in other payable	2,071	5,850
Cash generated from operating activities	<u>26,072</u>	<u>20,922</u>
Dividend income received	14,829	12,644
Interest income received	8,826	11,220
Rental income received	1,088	571
Income tax paid	(7,252)	(9,706)
Net Cash flow generated from operations activities	<u>57,644</u>	<u>58,568</u>

**BERJAYA SOMPO INSURANCE BERHAD**  
(Incorporated in Malaysia)

**UNAUDITED CASH FLOWS STATEMENT**  
**FOR THE PERIOD FROM 1 JANUARY 2017 TO 30 JUNE 2017**

	<b>6 months ended 30.06.2017 RM'000</b>	<b>6 months ended 30.06.2016 RM'000</b>
<b><u>Investing activities</u></b>		
Purchases of property and equipment and intangible assets	(8,286)	(11,863)
Purchases of building	-	-
Proceeds from sale of property and equipment	224	10
Purchases of financial assets	(171,507)	(197,982)
Proceeds from sale of financial assets	92,568	134,267
Net cash used in investing activities	<u>(87,001)</u>	<u>(75,568)</u>
<b>Net (decrease) / increase in cash and cash equivalents</b>	(29,357)	(17,000)
<b>Cash and cash equivalents at beginning of period</b>	<u>121,383</u>	<u>195,972</u>
<b>Cash and cash equivalents at end of period</b>	<u>92,026</u>	<u>178,972</u>

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



**BERJAYA SOMPO INSURANCE BERHAD**  
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**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS**

**1. BASIS OF PREPARATION**

The unaudited interim financial statements have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") 134 Interim Financial Reports 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 interim financial statements of the Company have been prepared under the historical cost convention, unless otherwise stated in the significant accounting policies.

As at the reporting date, the 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 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 Company's audited financial statements for the financial year ended 31 December 2016.

The notes attached to the unaudited 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 Company since the financial year ended 31 December 2016.

**2. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and presentation adopted by the Company for the interim financial statements are consistent with those adopted in the Company's audited financial statements for the financial year ended 31 December 2016.

**3. PRINCIPAL ACTIVITY**

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

**BERJAYA SOMPO INSURANCE BERHAD**  
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**4. MATERIAL CHANGES IN ESTIMATES**

There were no material changes in the basis used for accounting estimates for the current financial period ended 30 June 2017.

**5. MATERIAL EVENTS AFTER THE INTERIM PERIOD**

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

**6. SEASONAL OR CYCLICAL FACTORS**

The operations of the Company were not materially affected by any seasonal or cyclical fluctuations during the interim financial period.

**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 interim period ended 30 June 2017.

**8. UNUSUAL ITEMS AFFECTING ASSETS, LIABILITIES, EQUITY, NET INCOME OR CASHFLOW**

There were no other unusual items affecting assets, liabilities, equity, net income or cashflow for the financial period ended 30 June 2017.

For the purpose of the cash flow statements, cash and cash equivalents comprise of cash in hand and deposits held at financial institutions which matured within 3 months.

The cash flow statements are prepared using the indirect method.

**9. DIVIDEND PAID**

No dividend was paid during the current interim period ended 30 June 2017.

**BERJAYA SOMPO INSURANCE BERHAD**  
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**10. INVESTMENT PROPERTIES**

	<b>30.06.2017</b> <b>RM'000</b>	<b>31.12.2016</b> <b>RM'000</b>
At 1 January	18,030	19,280
Disposal	-	-
Reclassification*	2,146	
Fair value adjustment	-	(1,250)
At 30 June / 31 December	<u>20,176</u>	<u>18,030</u>

Investment properties are stated at fair value based on valuations that reflect market conditions as at 31.12.2016, using comparison method. The company revalued its investment properties based on independent valuation performed by Hartanah consultants (Valuation) Sdn Bhd, an independent accredited valuer.

\*During the six month ended 30 June 2017, the Company reclass a land and building with net book value amounting to RM2.1 million to investment property as these property is no longer used by the Company but intended to be leased to a third party.

**11. INVESTMENTS**

	<b>30.06.2017</b> <b>RM'000</b>	<b>31.12.2016</b> <b>RM'000</b>
Malaysian government securities	10,081	5,417
Unquoted debt securities	289,365	281,928
Warrants and loan stocks	713	299
Equity securities	141,530	114,896
Unit trust funds/wholesale funds	826,316	753,820
Deposits with financial institutions	<u>27,807</u>	<u>15,627</u>
	<u>1,295,812</u>	<u>1,171,987</u>

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

	<b>30.06.2017</b> <b>RM'000</b>	<b>31.12.2016</b> <b>RM'000</b>
Held-to-maturity financial assets ("HTM")	15,022	25,031
Available-for-sale financial assets ("AFS")	1,252,270	1,131,030
Financial assets at Fair value through profit and loss ("FVTPL")	713	299
Loans and receivables ("LAR")	<u>27,807</u>	<u>15,627</u>
	<u>1,295,812</u>	<u>1,171,987</u>

**BERJAYA SOMPO INSURANCE BERHAD**  
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**11. INVESTMENTS (CONT'D.)**

**(a) Held-to-maturity financial assets**

	<b>30.06.2017</b>	<b>31.12.2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Amortised Cost</b>		
Corporate debt securities, unquoted in Malaysia	15,022	25,031
	<u>15,022</u>	<u>25,031</u>
<b>Fair Value</b>		
Corporate debt securities, unquoted in Malaysia	14,844	24,704
	<u>14,844</u>	<u>24,704</u>

**(b) Available-for-sale financial assets**

	<b>30.06.2017</b>	<b>31.12.2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Fair Value</b>		
Equity securities:		
Quoted in Malaysia	141,022	114,190
Quoted outside Malaysia	390	588
Unit trust funds	826,316	753,820
Malaysian government securities	10,081	5,417
Corporate debt securities, unquoted in Malaysia	274,343	256,897
	<u>1,252,152</u>	<u>1,130,912</u>
<b>Cost</b>		
Equity securities:		
Unquoted in Malaysia	118	118
	<u>1,252,270</u>	<u>1,131,030</u>

**BERJAYA SOMPO INSURANCE BERHAD**  
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**11. INVESTMENTS (CONT'D.)**

**(c) Financial assets at Fair value through profit and loss**

	<b>30.06.2017</b>	<b>31.12.2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Held for trading ("HFT")		
- Warrants	713	299

**(d) Loans and receivables**

	<b>30.06.2017</b>	<b>31.12.2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Amortised Cost</b>		
Deposits with licensed financial institutions:		
Commercial banks	27,807	15,627

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

**12. REINSURANCE ASSETS**

	<b>30.06.2017</b>	<b>31.12.2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Reinsurance of insurance contracts:		
Claims liabilities (Note 15(a))	191,441	208,667
Premium liabilities (Note 15(b))	32,642	38,120
	<u>224,083</u>	<u>246,787</u>

**13. INSURANCE RECEIVABLES**

	<b>30.06.2017</b>	<b>31.12.2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Due premiums including agents, and brokers balances		
and co-insurers balances	97,155	74,090
Due from reinsurers and cedants	2,978	8,146
Due from related parties	12,329	4,698
Allowance for impairment	(15,794)	(14,963)
	<u>96,668</u>	<u>71,971</u>

**BERJAYA SOMPO INSURANCE BERHAD**  
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**13. INSURANCE RECEIVABLES (CONT'D.)**

	<b>Individually impaired RM'000</b>	<b>Collectively impaired RM'000</b>	<b>Total RM'000</b>
<b>At 1 January 2016</b>	1,348	12,842	14,190
Allowance/(write back) for impairment loss	173	600	773
Reversal of allowance or impairment losses	(45)	(142)	(187)
Bad debts written-off net of recovery	45	142	187
<b>At 31 December 2016</b>	<b>1,521</b>	<b>13,442</b>	<b>14,963</b>
<b>At 1 January 2017</b>	1,521	13,442	14,963
Allowance for impairment loss	234	597	831
Reversal of allowance or impairment losses	-	12	12
Bad debts written-off net of recovery	-	(12)	(12)
<b>At 30 June 2017</b>	<b>1,755</b>	<b>14,039</b>	<b>15,794</b>

**14. OTHER RECEIVABLES**

	<b>30.06.2017 RM'000</b>	<b>31.12.2016 RM'000</b>
Other receivables and deposits	10,836	7,119
Share of other assets held under Malaysia Motor Insurance Pool ("MMIP")	57,014	55,725
Staff loans	28	27
Interest income due and accrued	3,261	14,237
Due from related parties	460	738
	<b>71,599</b>	<b>77,846</b>

**BERJAYA SOMPO INSURANCE BERHAD**  
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**15. INSURANCE CONTRACT LIABILITIES**

	Note	30.06.2017			31.12.2016		
		Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000
Provision for claims reported by policyholders		437,499	(134,381)	303,118	417,905	(130,663)	287,242
Provision for IBNR		216,124	(57,060)	159,064	233,611	(78,004)	155,607
Claim liabilities	(a)	653,623	(191,441)	462,182	651,516	(208,667)	442,849
Premium liabilities	(b)	350,282	(32,642)	317,640	331,219	(38,120)	293,099
Insurance contract liabilities		1,003,905	(224,083)	779,822	982,735	(246,787)	735,948

**(a) Claim liabilities**

<b>At 1 January</b>		651,516	(208,667)	442,849	827,843	(389,469)	438,374
Claims incurred for the all accident period		212,853	(20,122)	192,731	379,386	(19,857)	359,529
Adjustment to claims incurred in all accident years (direct & facultative)		215,667	(21,604)	194,063	414,774	(41,535)	373,239
Movement in MMIP		(3,730)	-	(3,730)	(16,827)	-	(16,827)
Claims incurred during the period (treaty inwards claims)		(560)	-	(560)	682	-	682
Movement in FPRAD of claims liabilities at 75% confidence level		834	1,475	2,309	(19,625)	21,678	2,053
Movement in claims handling expenses		642	7	649	382	-	382
Claims paid during the period		(210,745)	37,347	(173,398)	(555,713)	200,659	(355,054)
<b>At 30 June / 31 December</b>		653,624	(191,442)	462,182	651,516	(208,667)	442,849

**(b) Premium liabilities**

<b>At 1 January</b>		331,219	(38,120)	293,099	311,541	(54,992)	256,549
Premiums written during the period		406,683	(88,111)	318,572	730,228	(129,629)	600,599
Premiums earned during the period		(387,620)	93,589	(294,031)	(710,550)	146,501	(564,049)
<b>At 30 June / 31 December</b>		350,282	(32,642)	317,640	331,219	(38,120)	293,099

**BERJAYA SOMPO INSURANCE BERHAD**  
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**16. INSURANCE PAYABLES**

	<b>30.06.2017</b>	<b>31.12.2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Amount due to agents, brokers, insured and co-insurers	23,164	30,351
Amount due to reinsurers and ceding companies	44,137	24,917
Amount due to related parties	2,248	2,650
	<u>69,549</u>	<u>57,918</u>

**17. OTHER PAYABLES**

	<b>30.06.2017</b>	<b>31.12.2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Accrued liabilities	29,758	30,682
Other payables	1,880	880
Cash collaterals held on behalf of insured	5,806	6,545
Amount due to related parties	3,492	759
	<u>40,936</u>	<u>38,866</u>

**18. NET EARNED PREMIUMS**

	<b>01.01.2017</b>	<b>01.01.2016</b>
	<b>to</b>	<b>to</b>
	<b>30.06.2017</b>	<b>30.06.2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>(a) Gross earned premiums</b>		
General insurance contract	406,683	378,707
Change in premium liabilities	(19,063)	(17,248)
	<u>387,620</u>	<u>361,459</u>
<b>(b) Premiums ceded to reinsurers</b>		
General reinsurance contracts	88,111	76,044
Change in premium liabilities	5,478	3,085
	<u>93,589</u>	<u>79,129</u>
<b>Net Earned Premiums</b>	<u>294,031</u>	<u>282,330</u>



**BERJAYA SOMPO INSURANCE BERHAD**  
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**19. OTHER REVENUE**

	01.01.2017 to 30.06.2017 RM'000	01.01.2016 to 30.06.2016 RM'000
<b>(a) Investment Income</b>		
Rental income from investment properties	878	468
Interest/income from HTM financial assets unquoted in Malaysia	509	155
Interest/income from AFS financial assets unquoted in Malaysia	6,429	7,205
HTM financial assets amortisation of premiums, net of accretion	(126)	(103)
Dividend/distribution income from AFS financial assets quoted in Malaysia	12,301	12,048
LAR fixed and call deposits interest/income	1,829	3,650
Others	1,086	2,374
	<u>22,906</u>	<u>25,797</u>
<b>(b) Realised gain and losses</b>		
<b>Property and equipment</b>		
Realised gain	212	8
<b>AFS financial assets:</b>		
Realised gain:		
Unit Trust Distribution - in Malaysia	611	-
Financial assets - unquoted in Malaysia	173	487
Realised losses:		
Financial assets - unquoted in Malaysia	(10)	(17)
	<u>986</u>	<u>478</u>

**BERJAYA SOMPO INSURANCE BERHAD**  
(Incorporated in Malaysia)
**19. OTHER REVENUE (CONT'D.)**

	01.01.2017 to 30.06.2017 RM'000	01.01.2016 to 30.06.2016 RM'000
<b>(c) Fair value gain/(Loss)</b>		
Fair value adjustment on financial assets designated as FVTPL	415	(245)
Impairment loss on AFS	(1,802)	(1,194)
	<u>(1,387)</u>	<u>(1,439)</u>
<b>(d) Commission income</b>		
Commission income from reinsurers	20,755	18,456
Profit commission receivable from treaty reinsurers	2,759	(307)
	<u>23,514</u>	<u>18,149</u>
<b>(e) Other operating income</b>		
Realised (loss)/gain on foreign exchange	(134)	1,208
Sundry income (Net of expenses)	1,322	944
	<u>1,188</u>	<u>2,152</u>

**20. NET CLAIMS INCURRED**

	01.01.2017 to 30.06.2017 RM'000	01.01.2016 to 30.06.2016 RM'000
<b>(a) Gross claims paid</b>		
General insurance contracts (Note 15)	(210,745)	(240,500)
<b>(b) Claims ceded to reinsurers</b>		
General insurance contracts (Note 15)	37,347	78,898
<b>(c) Gross change in contract liabilities</b>		
General insurance contracts	(2,107)	2,509
<b>(d) Change in contract liabilities ceded to reinsurers</b>		
General insurance contracts	(17,226)	(23,819)
	<u>(192,731)</u>	<u>(182,912)</u>

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**21. OTHER EXPENSES**

	01.01.2017 to 30.06.2017 RM'000	01.01.2016 to 30.06.2016 RM'000
<b>(a) Commission expenses</b>		
Commission paid to intermediaries	47,480	44,485
Profit commission payable to agents	2,790	2,213
	<u>50,270</u>	<u>46,698</u>
<b>(b) Management expenses</b>		
Employee benefits expenses (Note 21(b)(i))	33,746	31,910
Directors' fees and allowance	111	79
Auditors' remuneration		
- statutory audits	110	115
Rental of properties	382	1,937
Depreciation of property and equipment	3,080	2,117
Property and equipment write off	1	-
Amortisation of intangible assets	234	234
Allowance for impairment losses on receivables	831	5,869
Bad debts recovery	(12)	(12)
Computer service charges	7,087	890
Other expenses	18,567	15,173
	<u>64,137</u>	<u>58,312</u>
<b>(i) Employee benefits expenses</b>		
Wages, salaries and bonus	28,329	27,741
Social security contributions	310	259
Contributions to defined contribution plan, EPF	3,862	3,500
Other benefits	1,245	410
	<u>33,746</u>	<u>31,910</u>

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**22. EARNINGS PER SHARE**

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

	<b>30.06.2017</b>	<b>30.06.2016</b>
Net Profit for the period (RM'000)	27,455	30,054
Number of ordinary shares in issue ('000)	118,000	118,000
Earnings per share (sen)	<u>23.3</u>	<u>25.5</u>

**23. RELATED PARTY TRANSACTIONS**

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

	<b>30.06.2017</b> <b>RM'000</b>	<b>30.06.2016</b> <b>RM'000</b>
<b>Income</b>		
Premium income	19,113	17,481
Commission received	5,224	5,508
Claim recovery	<u>2,397</u>	<u>1,660</u>
	<u>26,734</u>	<u>24,649</u>
<b>Expenditure</b>		
Ceded Premium	23,020	18,188
Brokerage paid	2,658	2,486
Expenses	<u>1,176</u>	<u>-</u>
	<u>26,854</u>	<u>20,674</u>

## **24. FAIR VALUE HIERARCHY**

The tables below analyse assets which are carried at fair value and assets for which fair value is 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

Example of Level 3 instruments include corporate bonds in illiquid markets.

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**24. FAIR VALUE HIERARCHY (CONT'D.)**

	30.06.2017				31.12.2016			
	Fair value measurement using:				Fair value measurement using:			
Assets	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
<b>Assets for which fair values are disclosed:</b>								
<b>HTM (Note 11 (a))</b>								
Corporate Bonds	14,844	-	-	14,844	24,704	-	-	24,704
	14,844	-	-	14,844	24,704	-	-	24,704
<b>Assets measured at fair value: on a recurring basis:</b>								
Investment properties (Note 10)	-	-	20,176	20,176	-	-	18,030	18,030
<b>FVTPL (Note 11 (c))</b>								
Warrants	713	-	-	713	299	-	-	299
<b>AFS (Note 11 (b))</b>								
Equity securities	141,412	-	-	141,412	114,778	-	-	114,778
Unit trust funds	826,316	-	-	826,316	753,820	-	-	753,820
Corporate Bonds	274,343	-	-	274,343	-	256,897	-	256,897
Malaysian government securities	10,081	-	-	10,081	-	5,417	-	5,417
	1,252,865	-	20,176	1,273,041	868,897	262,314	18,030	1,149,241

There has been no transfer between level 1 and level 2 fair values during the financial year.

The fair value of the investment properties are categorised as Level 3. The reconciliation from opening to closing balances for assets valued under Level 3 of the fair value hierarchy is provided in Note 10. The significant unobservable input is the floor area and the weighted average value per square feet of the properties. The values of the unobservable input used was in the range of RM262 - RM2,522 per square feet. The fair value would increase / (decrease) if the value per square foot and weighted average value per square foot used is higher / (lower).

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**25. CAPITAL COMMITMENT**

	<b>30.06.2017</b>	<b>31.12.2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Capital Expenditure approved and contracted for :</b>		
Property, plant and equipment	621	-
Intangible assets	7,074	7,141
	<u>7,695</u>	<u>7,141</u>

**26. REGULATORY CAPITAL REQUIREMENT**

Pursuant to the Risk-Based Capital Framework issued by Bank Negara Malaysia, insurance companies are required to meet the minimum capital adequacy ratio of 130%. The Company has met the minimum regulatory capital requirement.

The capital structure of the Company as at 30 June 2017, as prescribed under the RBC Framework is provided below:

	<b>30.06.2017</b>	<b>30.06.2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Eligible Tier 1 Capital</b>		
Share capital (paid-up)	118,000	118,000
Retained earnings	631,981	579,550
	<u>749,981</u>	<u>697,550</u>
<b>Tier 2 Capital</b>		
Eligible reserves	<u>48,475</u>	<u>22,554</u>
<b>Deductions</b>		
Intangible assets	<u>(21,984)</u>	<u>(2,611)</u>
<b>Total capital available</b>	<u>776,472</u>	<u>717,493</u>