



BERJAYA SOMPO INSURANCE

Unaudited Interim Financial Statements

For The 6 Months Ended 30 June 2019

Berjaya Sampo Insurance Berhad (62605-U)

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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 2019

	Note	30.06.2019 RM'000	31.12.2018 RM'000
ASSETS			
Property and equipment		95,604	97,472
Intangible assets		27,903	29,259
Right-of-use assets	9	1,653	-
Investment properties	10	23,930	23,930
Investments	11	1,465,479	1,469,865
Reinsurance assets	12	345,068	300,621
Insurance receivables	13	125,792	104,471
Other receivables	14	114,853	79,623
Cash and cash equivalents		176,290	123,943
TOTAL ASSETS		2,376,572	2,229,184
EQUITY AND LIABILITIES			
EQUITY			
Share capital		118,000	118,000
Available-for-sale reserves		31,747	19,955
Retained profits		753,280	713,056
TOTAL EQUITY		903,027	851,011
LIABILITIES			
Insurance contract liabilities	15	1,323,303	1,204,664
Deferred tax liabilities		4,376	436
Tax payable		5,215	3,094
Insurance payables	16	68,806	76,282
Lease liabilities		1,559	-
Other payables	17	70,286	93,697
TOTAL LIABILITIES		1,473,545	1,378,173
TOTAL EQUITY AND LIABILITIES		2,376,572	2,229,184

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

BERJAYA SOMPO INSURANCE BERHAD
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UNAUDITED INCOME STATEMENT
FOR THE 6 MONTHS ENDED 30 JUNE 2019

	Note	6 months ended 30.06.2019 RM'000	6 months ended 30.06.2018 RM'000
Gross earned premiums		470,123	399,603
Earned premiums ceded to reinsurers		(84,690)	(70,815)
Net earned premiums		385,433	328,788
Investment income		31,887	27,443
Net Realised gains		695	3,377
Fair value gains		-	591
Commission income		19,540	17,147
Other operating income		10	64
Other revenue		52,132	48,622
Gross claims paid	15(a)	(223,814)	(214,347)
Claims ceded to reinsurers	15(a)	37,226	43,084
Gross change in contract liabilities	15(a)	(104,091)	(36,562)
Change in contract liabilities ceded to reinsurers	15(a)	48,139	(4,212)
Net claims incurred		(242,540)	(212,037)
Commission expense		(57,274)	(53,229)
Management expenses		(88,783)	(77,236)
Other expenses		(146,057)	(130,465)
Profit before tax		48,968	34,908
Tax expense		(8,744)	(5,457)
Net profit for the period		40,224	29,451
Earnings per share (sen)			
- Basic and Diluted	18	34.1	25.0

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

BERJAYA SOMPO INSURANCE BERHAD
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UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE 6 MONTHS ENDED 30 JUNE 2019

	6 months ended 30.06.2019 RM'000	6 months ended 30.06.2018 RM'000
Net profit for the period	40,224	29,451
Other comprehensive income:		
Items that may be classified to income statement in subsequent periods:		
Available-for-sale fair value reserves :		
Net unrealised gains/(losses) on fair value changes	15,188	(16,405)
Realised gains transferred to income statement upon disposal	328	4,169
	15,516	(12,236)
Tax effects	(3,724)	2,937
	11,792	(9,299)
Total comprehensive income for the period	52,016	20,152

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

BERJAYA SOMPO INSURANCE BERHAD
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**UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE 6 MONTHS ENDED 30 JUNE 2019**

	<u>Non - distributable</u>		<u>Distributable</u>	
	Share capital	Available- for sale fair value reserves	Retained profits	Total equity
	RM'000	RM'000	RM'000	RM'000
At 1 January 2018	118,000	31,063	652,636	801,699
Profit for the period	-	-	29,451	29,451
Other comprehensive loss for the period	-	(9,299)	-	(9,299)
Total comprehensive income / (loss) for the period	-	(9,299)	29,451	20,152
At 30 June 2018	118,000	21,764	682,087	821,851
At 1 January 2019	118,000	19,955	713,056	851,011
Profit for the period	-	-	40,224	40,224
Other comprehensive income for the period	-	11,792	-	11,792
Total comprehensive income for the period	-	11,792	40,224	52,016
At 30 June 2019	118,000	31,747	753,280	903,027

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

BERJAYA SOMPO INSURANCE BERHAD
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**UNAUDITED CASH FLOWS STATEMENT
FOR THE 6 MONTHS ENDED 30 JUNE 2019**

	6 months ended 30.06.2019 RM'000	6 months ended 30.06.2018 RM'000
<u>Operating activities</u>		
Cash flows from operating activities		
Profit before tax	48,968	34,908
Investment income	(30,608)	(27,638)
Realised gains on AFS investment	(634)	(3,318)
Fair value recorded in income statement	-	(5,720)
Gain on disposal of property and equipment	(74)	(59)
Property and equipment written off	13	3
Amortisation of premium	158	131
Allowance for/(write-back of) impairment losses:		
Investment	-	5,129
Insurance receivables	(1,667)	1,871
Bad debts recovery	(1)	-
Depreciation on property and equipment	2,701	2,638
Amortisation on intangible assets	2,716	1,691
Operating cash flows before working capital changes	(27,396)	(25,272)
(Increase) insurance receivable	(19,653)	(42,673)
(Increase) in other receivable	(35,755)	(13,916)
(Increase)/decrease in reinsurance assets	(44,447)	1,489
Decrease/(increase) in LAR	36,290	(46,822)
Increase in insurance contract liabilities	118,639	74,582
(Decrease)/increase in insurance payable	(7,477)	16,873
Increase in lease liabilities	366	-
(Decrease)/increase in other payable	(21,863)	9,846
	26,100	(621)
Dividend income received	413	195
Net Unit Trust Distribution income received	16,929	16,648
Interest income received	11,510	8,851
Rental income received	628	1,067
Income tax paid	(6,970)	(3,228)
Net cash flows generated from operating activities	70,182	32,548

BERJAYA SOMPO INSURANCE BERHAD
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**UNAUDITED CASH FLOWS STATEMENT
FOR THE 6 MONTHS ENDED 30 JUNE 2019**

	6 months ended 30.06.2019 RM'000	6 months ended 30.06.2018 RM'000
<u>Investing activities</u>		
Cash flows generate from investment activities		
Purchases of property and equipment	(2,223)	(667)
Purchases of intangible assets	-	(4,183)
Proceeds from sale of property and equipment	91	59
Purchases of financial assets	(112,150)	(80,413)
Proceeds from sale of financial assets	96,238	65,085
Net cash flows used in investing activities	<u>(18,044)</u>	<u>(20,119)</u>
<u>Financing activities</u>		
Cash flows from financing activities		
Payment of lease liabilities	209	-
Net cash from financing activities	<u>209</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents	52,347	12,429
Cash and cash equivalents at beginning of period	<u>123,943</u>	<u>77,407</u>
Cash and cash equivalents at end of period	<u>176,290</u>	<u>89,836</u>

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

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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 2018.

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 2018.

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 2018, except for the adoption of the below which were effective for annual periods beginning on or after 1 January 2019.

- MFRS 16 Leases
- Amendments to MFRS 9 "Prepayment Features with Negative Compensation"
- Amendments to MFRS 128 "Long term Interests in Associates and Joint Ventures"
- Amendments to MFRS 119 "Plan Amendment, Curtailment or Settlement"
- Annual Improvements to MFRSs 2015 2017 Cycle
- IC Interpretation 23 "Uncertainty over Income Tax Treatments"

The adoption of the above new MFRSs, amendments to MFRSs, annual improvements to MFRSs and IC Interpretations do not have any significant financial impact to the Company financial statements, except for as disclosed below:

MFRS 16 Leases

MFRS 16 is applicable for annual periods beginning on or after 1 January 2019 and replaces MFRS 117, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Lease — Incentives and IC Interpretation 127 Evaluating the Substance of Transactions involving the Legal Form of a Lease.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

MFRS 16 Leases (cont'd)

The Company is required to adopt MFRS 16 Leases from 1 January 2019. Hence, the Company have assessed the estimated impact that initial application of MFRS 16 have on its financial statements, as described below. The actual impact of adopting the standard on 1 January 2019 may change as the new accounting policies are subject to change until the Company present it's first financial statements that include the date of initial application.

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items.

Lessor accounting under MFRS16 is substantially unchanged and retained the same model in MFRS117. A lessor still has to classify leases as either finance or operating leases.

(i) Leases in which the Company are lessee

The Company will recognise new assets and liabilities for its operating leases. The nature of expenses related to those leases will now change because the Company will recognise a depreciation charge for right-of-use assets and interest expense on lease liabilities.

Previously, the Company recognised operating lease expense on a straight-line basis over the term of lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

The Company adopted the MFRS 16 on 1 January 2019, using modified retrospective approach. The Company choose to measure the right-of-use asset equals to the lease liability at 1 January 2019 with no restatement of comparative information.

(ii) Leases in which the Company are lessor

No significant impact for leases in which the Company is a lessor.

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

3. 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.

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 2019.

5. MATERIAL EVENTS AFTER THE INTERIM PERIOD

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

6. 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 2019.

7. 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 2019.

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.

8. DIVIDEND PAID

No dividend was paid during the current interim period ended 30 June 2019.

9. RIGHT-OF-USE ASSETS

	30.06.2019 RM'000	31.12.2018 RM'000
At 1 January	1,494	-
Additional	371	-
Depreciation	(212)	-
Reclassification	-	-
At 30 June / 31 December	<u>1,653</u>	<u>-</u>

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

10. INVESTMENT PROPERTIES

	30.06.2019	31.12.2018
	RM'000	RM'000
At 1 January	23,930	23,730
Fair value adjustment	-	200
At 30 June / 31 December	<u>23,930</u>	<u>23,930</u>

Investment properties are stated at fair value based on valuations that reflect market conditions as at 31.12.2018, using comparison method. The company revalued its investment properties based on independent valuation performed by an independent accredited valuer.

11. INVESTMENTS

	30.06.2019	31.12.2018
	RM'000	RM'000
Government investment issues	10,312	-
Malaysian government securities	24,216	4,971
Corporate bonds	245,215	297,487
Equity securities	80,209	82,699
Unit trust funds	1,061,188	1,004,081
Deposits with financial institutions	44,339	80,627
	<u>1,465,479</u>	<u>1,469,865</u>

The Company has elected to apply a temporary exemption from MFRS 9 as its activities are predominantly connected with insurance, as specified under paragraph 20D of the Amendments to MFRS 4 Applying MFRS 9 Financial Instruments.

In applying the temporary exemption under the Amendments to MFRS 4, the Company will continue to use MFRS 139 Financial Instruments: Recognition and Measurement in respect of its financial assets and financial liabilities, rather than MFRS 9 for annual periods beginning before 1 January 2021.

The fair value at the end of the reporting period and the amount of change in the fair value during that period for financial assets with contractual terms that are solely payments of principal and interest on the principal amount outstanding and other financial assets that are not solely payments of principal and interest on the principal amount outstanding as shown in Company Financial Statement as at 31 December 2018 for details.

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NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS (CONT'D)
11. INVESTMENTS (CONT'D)

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

	30.06.2019	31.12.2018
	RM'000	RM'000
Held-to-maturity financial assets ("HTM")	10,013	10,015
Available-for-sale financial assets ("AFS")	1,411,127	1,379,223
Loans and receivables ("LAR")	44,339	80,627
	<u>1,465,479</u>	<u>1,469,865</u>

(a) HTM financial assets

	30.06.2019	31.12.2018
	RM'000	RM'000
Amortised cost		
Corporate bonds	10,013	10,015
	<u>10,013</u>	<u>10,015</u>
Fair value		
Corporate bonds	10,068	9,875
	<u>10,068</u>	<u>9,875</u>

(b) AFS financial assets

	30.06.2019	31.12.2018
	RM'000	RM'000
Fair value		
Equity securities:		
- Quoted in Malaysia	80,091	82,581
- Quoted outside Malaysia	-	-
Unit trust funds	1,061,188	1,004,081
Malaysian government securities	24,216	4,971
Government investment issues	10,312	-
Corporate bonds	235,202	287,472
	<u>1,411,009</u>	<u>1,379,105</u>
Cost		
Equity securities:		
Unquoted in Malaysia	118	118
	<u>1,411,127</u>	<u>1,379,223</u>

(c) LAR

	30.06.2019	31.12.2018
	RM'000	RM'000
Amortised cost		
Deposits with licensed financial institutions	44,339	80,627
	<u>44,339</u>	<u>80,627</u>

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

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NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS (CONT'D)
12. REINSURANCE ASSETS

	30.06.2019	31.12.2018
	RM'000	RM'000
Reinsurance of insurance contracts:		
Claims liabilities (Note 15 (a))	295,384	247,245
Premium liabilities (Note 15 (b))	49,684	53,376
	<u>345,068</u>	<u>300,621</u>

13. INSURANCE RECEIVABLES

	30.06.2019	31.12.2018
	RM'000	RM'000
Due from agents, brokers and co-insurers	124,425	111,530
Due from reinsurers and cedants	7,536	3,944
Due from related parties	6,948	3,782
Allowance for impairment losses	(13,117)	(14,785)
	<u>125,792</u>	<u>104,471</u>

	Individually impaired RM'000	Collectively impaired RM'000	Total RM'000
At 1 January 2018	2,146	11,026	13,172
Allowance for impairment loss	151	1,462	1,613
Reversal of allowance for impairment losses	-	(8)	(8)
Bad debts written-off net of recovery	-	8	8
At 31 December 2018	<u>2,297</u>	<u>12,488</u>	<u>14,785</u>
At 1 January 2019	2,297	12,488	14,785
Write back of impairment loss	(803)	(865)	(1,668)
Reversal of allowance for impairment losses	-	-	-
Bad debts written-off net of recovery	-	-	-
At 30 June 2019	<u>1,494</u>	<u>11,623</u>	<u>13,117</u>

14. OTHER RECEIVABLES

	30.06.2019	31.12.2018
	RM'000	RM'000
Other receivables and deposits	11,791	15,553
Share of other assets held under		
Malaysia Motor Insurance Pool ("MMIP") (Net*)	46,896	47,029
Staff loans	16	16
Interest income due and accrued	55,768	14,427
Due from related parties	382	2,598
	<u>114,853</u>	<u>79,623</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 represents 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 15.

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NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS (CONT'D)
15. INSURANCE CONTRACT LIABILITIES

	Note	30.06.2019			31.12.2018		
		Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000
Provision for claims reported by policyholders		592,903	(202,574)	390,329	521,493	(167,211)	354,282
Provision for IBNR		315,069	(92,810)	222,259	282,388	(80,034)	202,354
Claim liabilities	(a)	907,972	(295,384)	612,588	803,881	(247,245)	556,636
Premium liabilities	(b)	415,331	(49,684)	365,647	400,783	(53,376)	347,407
Insurance contract liabilities		1,323,303	(345,068)	978,235	1,204,664	(300,621)	904,043

(a) Claim liabilities

At 1 January		803,881	(247,245)	556,636	726,402	(251,503)	474,899
Claims incurred for the all accident period		327,905	(85,365)	242,540	530,898	(73,814)	457,084
Adjustment to claims incurred in all accident years (direct & facultative)		318,726	(79,920)	238,806	527,664	(74,368)	453,296
Movement in MMIP		(3,802)	-	(3,802)	(5,330)	-	(5,330)
Claims incurred during the period (treaty inwards claims)		(162)	-	(162)	(185)	-	(185)
Movement in Fund PRAD of claims liabilities at 75% confidence level		12,062	(5,445)	6,617	8,961	554	9,514
Movement in claims handling expenses		1,081	-	1,081	(212)	-	(212)
Claims paid during the period		(223,814)	37,226	(186,588)	(453,419)	78,072	(375,347)
At 30 June / 31 December		907,972	(295,384)	612,588	803,881	(247,245)	556,636

(b) Premium liabilities

At 1 January		400,783	(53,376)	347,407	337,364	(30,049)	307,315
Premiums written during the period		484,671	(80,998)	403,673	905,967	(156,354)	749,613
Premiums earned during the period		(470,123)	84,690	(385,433)	(842,548)	133,027	(709,521)
At 30 June / 31 December		415,331	(49,684)	365,647	400,783	(53,376)	347,407

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

16. INSURANCE PAYABLES

	30.06.2019	31.12.2018
	RM'000	RM'000
Amount due to agents, brokers, insureds and co-insurers	18,129	26,068
Amount due to reinsurers and ceding companies	46,551	44,902
Amount due to related parties	4,126	5,312
	<u>68,806</u>	<u>76,282</u>

17. OTHER PAYABLES

	30.06.2019	31.12.2018
	RM'000	RM'000
Accrued liabilities	43,478	52,108
Other payables	17,302	21,196
Cash collaterals held on behalf of insured	5,187	4,705
Unallocated deposit	-	8,610
Amount due to related parties	4,319	7,078
	<u>70,286</u>	<u>93,697</u>

18. 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.

	30.06.2019	30.06.2018
Net profit for the period (RM'000)	40,224	29,451
Number of ordinary shares in issue ('000)	118,000	118,000
Earnings per share (sen)	<u>34.1</u>	<u>25.0</u>

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

19. RELATED PARTY TRANSACTIONS

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

	30.06.2019	30.06.2018
	RM'000	RM'000
Income		
Premium income	9,227	19,813
Commission received	5,053	5,019
Claims recovery	7,178	6,140
	<u>21,458</u>	<u>30,972</u>
Expenditure		
Ceded premium	14,727	15,964
Brokerage paid	777	2,106
Expenses net of recoveries	3,019	1,592
	<u>18,523</u>	<u>19,662</u>

20. FAIR VALUE HIERARCHY

The table 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

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

20. FAIR VALUE HIERARCHY (CONT'D.)

	30.06.2019				31.12.2018			
	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								
Assets for which fair values are disclosed:								
HTM								
Corporate bonds	-	10,068	-	10,068	-	9,875	-	9,875
	-	10,068	-	10,068	-	9,875	-	9,875
Assets measured at fair value: on a recurring basis:								
Investment properties	-	-	23,930	23,930	-	-	23,930	23,930
FVTPL								
Warrants	-	-	-	-	-	-	-	-
AFS								
Equity securities	80,091	-	-	80,091	82,581	-	-	82,581
Unit trust funds	1,061,188	-	-	1,061,188	1,004,081	-	-	1,004,081
Corporate bonds	-	235,202	-	235,202	-	287,472	-	287,472
Malaysian government securities	-	24,216	-	24,216	-	4,971	-	4,971
Government investment issues	-	10,312	-	10,312	-	-	-	-
	1,141,279	269,730	23,930	1,434,939	1,086,662	292,443	23,930	1,403,035

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

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

21. CAPITAL COMMITMENT

	30.06.2019	31.12.2018
	RM'000	RM'000
Capital Expenditure approved and contracted for :		
Property, plant and equipment	1,506	-
Intangible assets	16,939	12,075
	<u>18,445</u>	<u>12,075</u>

22. 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 2019, as prescribed under the RBC Framework is provided below:

	30.06.2019	31.12.2018
	RM'000	RM'000
Eligible Tier 1 Capital		
Share capital (paid-up)	118,000	118,000
Retained earnings	753,280	713,056
	<u>871,280</u>	<u>831,056</u>
Tier 2 Capital		
AFS fair value reserves	<u>31,747</u>	<u>19,955</u>
Deductions		
Intangible assets	<u>(27,903)</u>	<u>(29,259)</u>
Total capital available	<u>875,124</u>	<u>821,752</u>

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23. SIGNIFICANT AND SUBSEQUENT EVENT

On 22 February 2017, the Company received statutory notice of the proposed decision by Malaysian Competition Commission ("MyCC") that the Company and the other 21 members of PIAM have infringed one of the prohibitions under Part II of the Competition Act, 2010. The proposed decision includes a proposed financial penalty on BSIB and the other 21 members of PIAM totalling RM213,454,814. The Company's share of the financial penalty is RM10,784,489.

All members had submitted their written representation. Oral representation sessions between MyCC with PIAM, all members and BNM were conducted since late 2017 until 26 February 2018.

On 19 to 21 February 2019, oral representations by PIAM and the 22 members were conducted as *de novo* proceedings (fresh hearing) before the new MyCC Panel with the presence of Bank Negara Malaysia (BNM) and Federal of Automobile Workshop Owners Association ("FAWOAM").

Hearing of the oral representations by Counsels for BNM and 5 Insurers were completed on 13 May 2019. Hence, the session on 14 May 2019 was vacated.

On 17 to 18 June, 2019 there were hearing of the oral representations by RBB Economics, Counsel of PIAM and 12 Insurers. The oral representations hearing was concluded on 18 June 2019, however the Chairman of MyCC did not give any indication when the Commission will be ready to deliver their decision.