

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

Directors' Report and Audited Financial Statements
31 December 2019

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CORPORATE GOVERNANCE STATEMENT

The Board of Directors ("the Board") of Berjaya Sampo Insurance Berhad ("the Company") supports the Malaysian Code on Corporate Governance. The Board acknowledges the importance of good corporate governance in discharging their duties and responsibilities, ensuring the affairs of the Company are conducted with integrity and professionalism to safeguard the Company's assets and to enhance shareholders' value and financial performance of the Company.

As an insurance company licensed by the Minister of Finance on the recommendation of Bank Negara Malaysia ("BNM"), the Financial Services Act 2013 ("FSA 2013") empowers BNM to exercise oversight on insurers for the purpose of promoting financial soundness of a licensed person.

The Company complies with all the prescriptive requirements and adopted management practices that are consistent with the principles prescribed under the FSA 2013, the Companies Act 2016 ("CA.2016") and the Policy Document on Corporate Governance issued by BNM.

The Board

The Board is responsible for the overall governance of the Company by ensuring the strategic guidance, succession plan, internal control, risk management and reporting procedure are in place. The Board exercises due diligence and care in discharging their duties and responsibilities to ensure compliance with relevant law, rules and regulations, directives and guidelines in addition to adopting best practices and act in the best interest of its shareholders.

Board Charter

The Board Charter sets out the Board's composition, roles, responsibilities and procedures of the Board and the Board Committees of the Company in accordance with the principles of corporate governance under the Corporate Governance Policy Document ("CGPD") issued by BNM and also serves as a reference to all stakeholders. The Board regularly reviews their Charter to ensure that it remains consistent and relevant to the Board's objectives and responsibilities, and all regulations/laws in connection thereto.

Composition of the Board

The names of the Directors and Chief Executive Officer ("CEO") of the Company in office since the beginning of the financial year and appointed during the year to the date of this report are:

Name of Directors and Chief Executive Officer

Azhar Bin Mohamad (INED/Chairman)
Dato' Loh Lye Ngok (NINED) - appointed on 2 April 2019
Daniel Neo (NIED) – resigned on 4 October 2019
Yasuhiro Sasanuma (NIED) – appointed on 4 October 2019
Datuk Yong Bun Fou (INED)
Ahmad Subri Bin Abdullah (INED)
Tan Sri Dr. Ong Hong Peng (INED)
Tan Chong Liong (NINED)
Tan Sek Kee (CEO)

CORPORATE GOVERNANCE STATEMENT (CONT'D.)

The Board comprises of four (4) Independent Non-Executive Directors ("INED"), two (2) Non-Independent Non-Executive Directors ("NINED") and one (1) Non-Independent Executive Director ("NIED").

Roles and Responsibilities of the Board

The Board is overall responsible for promoting the sustainable growth and financial soundness of the Company, and for ensuring reasonable standards of fair dealing, without undue influence from any party and in compliance with applicable laws which includes the FSA 2013, CA 2016 and any guidelines, directives or policy documents issued by BNM as well as its Memorandum and Articles of Association ("Constitution"). This includes a consideration of the long-term implications of the Board's decisions on the Company and its customers, officers and the general public.

In fulfilling this role, the Board shall be responsible for, among others, the following:–

- To approve the risk appetite, business plans and other initiatives which will, singularly or cumulatively, have a material impact on the Company's risk profile;
- To oversee the selection, performance, remuneration and succession plans of the CEO, control function and other members of senior management, such that the Board is satisfied with the collective competence of senior management to effectively lead the operations of the Company;
- To oversee the implementation of the Company's governance framework and internal control framework, and periodically review whether these remain appropriate in light of material changes to the size, nature and complexity of the Company's operations;
- To promote together with senior management, a sound corporate culture within the Company which reinforces ethical, prudent and professional behaviour;
- To promote sustainability through appropriate environmental, social and governance considerations in the Company business strategies;
- To oversee and approve the recovery and resolution as well as business continuity plans for the Company to restore its financial strength, and maintain or preserve critical operations and critical services when it comes under stress; and
- To promote timely and effective communication between the Company and BNM on matters affecting or that may affect the safety and soundness of the Company.

CORPORATE GOVERNANCE STATEMENT (CONT'D.)

PROFILE OF DIRECTORS AND CHIEF EXECUTIVE OFFICER

The following are the current profile of the Directors and the CEO of the Company:

AZHAR BIN MOHAMAD

CHAIRMAN/INDEPENDENT NON-EXECUTIVE DIRECTOR

Azhar Bin Mohamad was appointed to the Board of the Company since 14 March 2013 and he is the Chairman of the Company since 7 October 2016. Presently, Azhar serves as a member of the Investment Committee, the Risk Management Committee and the Audit Committee of the Company.

Azhar holds a Bachelor Degree in Accounting and Finance from the Lancaster University, United Kingdom, and a Master Degree in Law (Business Law Executive) from the International Islamic University, Malaysia. He is a member of the Malaysian Institute of Accountants and a Fellow member of the Association of Chartered Certified Accountants. He also holds a Capital Markets Services Representative's License for advising on corporate finance matters from the Securities Commission Malaysia.

Azhar started his career in merchant banking and corporate planning. He subsequently joined the Securities Commission Malaysia, with his last position as Head of Securities Issues Department.

Directorship in other companies

1. MainStreet Advisers Sdn Bhd
2. Turbo-Mech Berhad

Trainings attended during the financial year

1. QA Talk on "Standard 1300 & How does it add value to your organisation" by The Institute of Internal Auditors Malaysia.
2. Seminar on the digital economy and capital market series: Alibaba and Tencent's success guide.
3. Talk on CG Watch: How does Malaysia rank?
4. Board's Responsibilities on Financial Management and Reports of the Company. An Overview of Strategic Planning by The Malaysian Insurance Institute ("MII").
5. Financial Industry Conference – MyFinTech Week hosted by BNM.
6. Training on cybersecurity in the boardroom by Bursa/Deloitte.
7. Breakfast talk on MFRS 17: Understanding the impact and consequences by EY.
8. Seminar on Industry 4.0 and its impact on the Malaysian capital market.
9. Sharing session with BSIB on Reinsurance (Treaty) by Aon Benfield & Head of RI, BSIB.
10. Audit Oversight Board conversation with Audit Committees.
11. The Road to World Top Class ERM by Sampo Japan.
12. Compass in the era of VUCA by Sampo Japan.
13. New Era of Corporate Liability under Malaysian Anti Bribery laws by Wong & Partners.

CORPORATE GOVERNANCE STATEMENT (CONT'D.)

PROFILE OF DIRECTORS AND CHIEF EXECUTIVE OFFICER (CONT'D.)

DATO' LOH LYE NGOK
NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

Dato' Loh Lye Ngok was appointed to the Board since 25 May 2000. Presently, Dato' Loh serves as a member of the Nominations Committee, the Remuneration Committee, the Risk Management Committee and the Investment Committee.

Dato' Loh joined the Company in 1989. He was the Deputy General Manager from 1989 to 2000 prior to his appointment as the Chief Executive Officer from 2000 to 2017. Dato' Loh was appointed as the Executive Director from May 2017 to May 2018. Subsequently, Dato' Loh was the Senior Adviser of the Company from May 2018 to 1 April 2019. On 2 April 2019, Dato' Loh was appointed as a Non-Independent Non-Executive Director.

In his 28 years with the company, Dato' Loh positioned and built BSIB into one of the leading General Insurance Providers in the Malaysian Insurance Industry. Notably, Dato' Loh initiated and led the strategic joint venture exercise between Sompo Japan Insurance Inc., and Berjaya Capital Berhad, which culminated in the formation of the Company.

Dato' Loh began his career in the insurance industry in 1976 with East West Insurance Berhad and had been with the company for 13 years. Dato' Loh became the first Malaysian to be appointed to manage East West Insurance (UK) Ltd in 1984.

Directorship in other company

1. Singapore Institute of Advanced Medicine Holdings Pte Ltd

Trainings attended during the financial year

1. Sharing Session with BSIB on Reinsurance (Treaty) by Aon Benfield & Head of RI, BSIB.
2. The Road to World Top Class ERM by Sompo Japan.
3. Compass in the era of VUCA by Sompo Japan.
4. New Era of Corporate Liability under Malaysian Anti Bribery laws by Wong & Partners.

CORPORATE GOVERNANCE STATEMENT (CONT'D.)

PROFILE OF DIRECTORS AND CHIEF EXECUTIVE OFFICER (CONT'D.)

YASUHIRO SASANUMA
NON-INDEPENDENT EXECUTIVE DIRECTOR

Yasuhiro Sasanuma was appointed to the Board of the Company on 4 October 2019. Presently, he serves as a member of the Nominations Committee and the Investment Committee of the Company.

He is currently the Regional Chief Operating Officer at Sampo Holdings (Asia) Pte. Ltd. (Sampo Holdings Asia) since April 2019 and he also double hatted as the Senior Executive Director.

Prior to his position as the Regional Chief Operating Officer, he was the Executive Director of Corporate Planning in Sampo Holdings Asia for 5 years. As the Regional Chief Operating Officer, he spearheads the daily operations, management and administrative activities of the Asian business entities, excluding Japan, to ensure sustainability across the region.

Prior to joining Sampo Holdings Asia, he had held various senior positions, such as Head of Secretary to the Sampo Group Chief Executive Officer. He has been with the Sampo Group since 1995.

Directorship in other companies

1. PGA Sampo Insurance Corporation
2. Universal Sampo General Insurance Company
3. Sampo Hong Kong
4. Aya Sampo Insurance Company Limited

Trainings attended during the financial year

1. The Road to World Top Class ERM by Sampo Japan.
2. Compass in the era of VUCA by Sampo Japan.
3. New Era of Corporate Liability under Malaysian Anti Bribery laws by Wong & Partners.

CORPORATE GOVERNANCE STATEMENT (CONT'D.)

PROFILE OF DIRECTORS AND CHIEF EXECUTIVE OFFICER (CONT'D.)

DATUK YONG BUN FOU
INDEPENDENT NON-EXECUTIVE DIRECTOR

Datuk Yong Bun Fou was appointed to the Board of the Company since 9 June 2016. Presently, Datuk Yong serves as the Chairman of the Audit Committee of the Company. He also serves as a member of the Nominations Committee, the Remuneration Committee and the Investment Committee of the Company.

Datuk Yong had served as the Assistant Secretary, Tax Analysis Division in the Ministry of Finance ("MOF") and rose to the rank of Deputy Secretary in 2012. He was then posted to the Ministry of Housing, Urban Wellbeing and Local Government as the Deputy Secretary General (Policy Department) where he ended his career in March 2015.

Trainings attended during the financial year

1. QA Talk on "Standard 1300 & How does it add value to your organisation" by The Institute of Internal Auditors Malaysia.
2. Board's Responsibilities on Financial Management and Reports of the Company. An Overview of Strategic Planning by MII.
3. IT Risk Management for Board Members by Persatuan Insurance Am Malaysia ("PIAM").
4. Breakfast talk on MFRS 17: Understanding the impact and consequences by EY.
5. Sharing Session with BSIB on Reinsurance (Treaty) by Aon Benfield & Head of RI, BSIB.
6. The Road to World Top Class ERM by Sompo Japan.
7. Compass in the era of VUCA by Sompo Japan.
8. New Era of Corporate Liability under Malaysian Anti Bribery laws by Wong & Partners.

CORPORATE GOVERNANCE STATEMENT (CONT'D.)

PROFILE OF DIRECTORS AND CHIEF EXECUTIVE OFFICER (CONT'D.)

AHMAD SUBRI BIN ABDULLAH
INDEPENDENT NON-EXECUTIVE DIRECTOR

Ahmad Subri Bin Abdullah was appointed to the Board of the Company since 25 January 2017. Presently, Ahmad Subri serves as the Chairman of the Risk Management Committee of the Company. He also serves as a member of the Nominations Committee, the Remuneration Committee and the Audit Committee of the Company.

Ahmad Subri brings with him over 30 years of experience in the financial services industry; with almost 20 years as Chief Executive Officer of various insurance companies such as Amanah Insurance Berhad, Malaysia Cooperative Insurance Society Berhad, Mayban Life Assurance Berhad and Malaysia National Insurance Berhad.

He had also served as Chairman of the General Insurance Association of Malaysia and Chairman of the Insurance Mediation Bureau of Malaysia.

Ahmad Subri qualified as a Fellow of the Chartered Insurance Institute, United Kingdom and is a Fellow of the MII. Prior to his return to Malaysia in 1980, he was trained and worked in London for more than 7 years.

Currently Ahmad Subri sits on the Board of a number of private and public companies in Malaysia.

Directorship in other companies

1. Agensi Pekerjaan Globesoft Services Sdn Bhd
2. VSTECS Berhad (formerly known as ECS ICT Berhad)
3. Emerio (Malaysia) Sdn Bhd
4. Gaushala Sdn Bhd
5. KDU Management Development Centre Sdn Bhd
6. Timewaver SEA Sdn Bhd
7. Pheim Unit Trust Berhad
8. Pheim Asset Management Sdn Bhd
9. Malaysian Life Reinsurance Group Berhad
10. SBI Offshore Limited

Trainings attended during the financial year

1. Breakfast talk on MFRS 17: Understanding the impact and consequences by EY.
2. Sharing Session with BSIB on Reinsurance (Treaty) by Aon Benfield & Head of RI, BSIB.
3. The Role of Directors under the Companies Act 2016 by MahWengKwai & Associates.
4. IT Risk Management Training by Asian Banking School organised by PIAM.
5. Regional Conference on Climate Change Risks and Opportunities: Respond, Not React by BNM.
6. Understanding Fintech and its implications for Insurance Companies by ICLIF.
7. The Road to World Top Class ERM by Sompo Japan.
8. Compass in the era of VUCA by Sompo Japan.
9. New Era of Corporate Liability under Malaysian Anti Bribery laws by Wong & Partners.

CORPORATE GOVERNANCE STATEMENT (CONT'D.)

PROFILE OF DIRECTORS AND CHIEF EXECUTIVE OFFICER (CONT'D.)

TAN SRI DR. ONG HONG PENG
INDEPENDENT NON-EXECUTIVE DIRECTOR

Tan Sri Dr. Ong Hong Peng was appointed to the Board of the Company since 17 July 2017. Presently, Tan Sri Dr. Ong serves as the Chairman of the Nominations Committee and the Remuneration Committee of the Company. He also serves as a member of the Risk Management Committee and the Investment Committee of the Company.

Tan Sri Dr. Ong sits on the Board of Malaysia Convention and Exhibition Bureau ("MyCEB"), Ministry of Tourism, Arts and Culture. In addition, he is a member of the Board of Sepang International Circuit ("SIC") until 14 December 2019 and was a member of the Investment Panel of Retirement Fund Incorporated ("KWAP") until 28 February 2019.

Tan Sri Dr. Ong graduated with a Master in Economics from the Hiroshima University, Japan and Ph.D. in Economics from the Michigan State University, USA.

He started his career as Assistant Director of Public Service Department in 1981 and served in various capacities at the National Institute of Public Administration ("INTAN") and Economic Planning Unit ("EPU"). In 2008, he assumed the position of Secretary General, Ministry of Tourism and Culture for eight (8) years until his retirement in December 2016.

On the international front, he was the Chairman of UNWTO Commission for East Asia and the Pacific (2011-2013), Chair of Heads of ASEAN National Tourism Organisations Meeting (2014) and Chair of Senior Officials Committee for the ASEAN Socio-Cultural Community (2015).

At the national level, Tan Sri Dr. Ong was actively involved in the preparation of Third Outline Perspective Plan and Five-Year National Development Plans, particularly on Sectoral Strategies and Priorities, Finance, Tourism and Distributive Trade.

Directorship in other companies

1. Sepang International Circuit Sdn. Bhd. (MOF Incorporated Company) until 14 December 2019.
2. Malaysia Convention and Exhibition Bureau ("MyCEB"), Ministry of Tourism, Arts and Culture.

Trainings attended during the financial year

1. Breakfast Talk on Corporate Governance by MII.
2. Board's Responsibilities on Financial Management and Reports of the Company. An Overview of Strategic Planning by MII.
3. IT Risk Management for Board Members by PIAM.
4. Breakfast talk on MFRS 17: Understanding the impact and consequences by EY.
5. Sharing Session with BSIB on Reinsurance (Treaty) by Aon Benfield & Head of RI, BSIB.
6. Regional Conference on Climate Change Risks and Opportunities: Respond, Not React by BNM.
7. The Road to World Top Class ERM by Sampo Japan.
8. Compass in the era of VUCA by Sampo Japan.

CORPORATE GOVERNANCE STATEMENT (CONT'D.)

PROFILE OF DIRECTORS AND CHIEF EXECUTIVE OFFICER (CONT'D.)

TAN CHONG LIONG

NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

Tan Chong Liong was appointed to the Board of the Company since 20 July 2017. Presently, Mr. Tan serves as the Chairman of the Investment Committee of the Company. He also serves as a member of the Remuneration Committee and the Risk Management Committee of the Company.

Mr. Tan graduated with a Bachelor of Accounting from the University of Malaya and procured his Master in Business Administration in International Management from the Royal Melbourne Institute of Technology, Australia. He is also a member of the Malaysian Institute of Certified Public Accountants ("MICPA") and Malaysian Institute of Accountants ("MIA").

Mr. Tan has twenty-five (25) years of working experience in financial and strategic management across a range of sectors, including reinsurance, investment, telecommunications, broadcasting, films and TV content distribution, property and power. He has been living and working in Hong Kong, Singapore and Malaysia. Currently, he is a Director of an investment company focusing in startups in Fintech, eCommerce and IoT and he is actively involved in the development of Fintech eco-system in Malaysia.

Directorship in other companies

1. Akru Now Sdn Bhd (formerly known as Main Street Capital Sdn Bhd)
2. True Happiness Capital Sdn Bhd
3. Ace Pursuit Sdn Bhd
4. Angelite Limited

Trainings attended during the financial year

1. MFRS17 by PWC.
2. Board's Responsibilities on Financial Management and Reports of the Company. An Overview of Strategic Planning by MII.
3. IT Risk Management for Board Members organised by PIAM.
Breakfast talk on MFRS 17: Understanding the impact and consequences by EY.
5. Sharing Session with BSIB on Reinsurance (Treaty) by Aon Benfield & Head of RI, BSIB.
6. The Road to World Top Class ERM by Sampo Japan.
7. Compass in the era of VUCA by Sampo Japan.
8. New Era of Corporate Liability under Malaysian Anti Bribery laws by Wong & Partners.

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CORPORATE GOVERNANCE STATEMENT (CONT'D.)

PROFILE OF DIRECTORS AND CHIEF EXECUTIVE OFFICER (CONT'D.)

TAN SEK KEE
CHIEF EXECUTIVE OFFICER

Tan Sek Kee joined the Company on 1 January 2017 as Deputy Chief Executive Officer and was appointed as Chief Executive Officer since 15 March 2017.

He graduated from the London School of Economics with a Bachelor of Science majoring in Actuarial Science. He holds an Associateship with Malaysian Insurance Institute ("AMII") and also holds a Fellowship with Malaysian Insurance Institute ("FMII").

Prior to joining the Company, he was attached to AXA Affin General Insurance Berhad ("AXA") since 1995. During his tenure with AXA, he had held various senior management positions, the most recent one being Chief Distribution Officer. Prior to that he was the Chief Operating Officer.

Trainings attended during the financial year

1. Sales Conference 2019.
2. FMII Senior Route 2019.
3. Corporate Governance Workshop.
4. The Malaysian Re 12th CEO Conference.
5. The Road to World Top Class ERM by Sompo Japan.
6. Compass in the era of VUCA by Sompo Japan.
7. New Era of Corporate Liability under Malaysian Anti Bribery laws by Wong & Partners.

CORPORATE GOVERNANCE STATEMENT (CONT'D.)

The Board had convened eleven (11) meetings for the financial year ended 31 December 2019. The details of the Board of Directors membership and meetings held during the financial year were as follows:-

Name of Directors	Total meetings attended	Percentage of attendance (%)
Azhar Bin Mohamad (INED/Chairman)	11/11	100%
Datuk Yong Bun Fou (INED)	11/11	100%
Dato' Loh Lye Ngok (NINED) ^{#1}	7/7 *	100%
Ahmad Subri Bin Abdullah (INED)	11/11	100%
Tan Sri Dr. Ong Hong Peng (INED)	11/11	100%
Tan Chong Liong (NINED)	11/11	100%
Daniel Neo (NIED) ^{#2}	8/9 *	89%
Yasuhiro Sasanuma (NIED) ^{#3}	2/2 *	100%

#1 Appointed on 2 April 2019

#2 Resigned on 4 October 2019

#3 Appointed on 4 October 2019

** Reflects the attendance and the number of meetings held during the period the Directors held office.*

Board Committee

The Board had established specialised Board Committees to assist the Board in execution of their duties. The Board Committees of the Company consists of the Audit Committee, the Risk Management Committee, the Nominations Committee, the Remuneration Committee and the Investment Committee.

1. AUDIT COMMITTEE

The Audit Committee ("AC") comprises of three (3) INEDs. A total of six (6) meetings were held during the financial year ended 31 December 2019. The details of the AC membership and meetings held during the financial year were as follows:-

Name of Directors	Total meetings attended	Percentage of attendance (%)
Datuk Yong Bun Fou (Chairman)	6/6	100%
Azhar bin Mohamad	6/6	100%
Ahmad Subri bin Abdullah	6/6	100%

CORPORATE GOVERNANCE STATEMENT (CONT'D.)

1. AUDIT COMMITTEE (CONT'D.)

The principal duties and responsibilities of the AC are as follows:

- Support the Board in ensuring that there is a reliable and transparent financial reporting process within the Company;
- Reviewing and approving the audit scope, procedures and frequency;
- Reviewing key audit reports and ensuring that senior management is taking necessary corrective actions in a timely manner to address control weaknesses, non-compliance with laws, regulatory requirements, policies and other problems identified by the internal audit and other control functions;
- Noting significant disagreements between the Head of Internal Audit and the rest of the senior management team, irrespective of whether these have been resolved, in order to identify any impact the disagreements may have on the audit process or findings;
- Establishing a mechanism to assess the performance and effectiveness of the internal audit function;
- Review and update the Board on any related party transactions that may arise within the Company; and
- Approve the provision of non-audit services by external auditor and ensure that the level of provision of non-audit services is compatible while maintaining auditor independence.

2. RISK MANAGEMENT COMMITTEE

The Risk Management Committee ("RMC") comprises of three (3) INEDs and two (2) NINEDs, where the Chairman is an INED. A total of six (6) meetings were held during the financial year ended 31 December 2019. The details of the RMC membership and meetings held during the financial year were as follows:-

Name of Directors	Total meetings attended	Percentage of attendance (%)
Ahmad Subri Bin Abdullah (Chairman)	6/6	100%
Azhar Bin Mohamad	6/6	100%
Tan Sri Dr. Ong Hong Peng	6/6	100%
Tan Chong Liong	6/6	100%
Dato' Loh Lye Ngok ^{#1}	5/5 *	100%

^{#1} Appointed on 2 April 2019

* Reflects the attendance and the number of meetings held during the period the Directors held office.

CORPORATE GOVERNANCE STATEMENT (CONT'D.)

2. RISK MANAGEMENT COMMITTEE (CONT'D.)

The principal duties and responsibilities of the RMC are as follows:

- To support the Board of Directors in meeting the expectations on risk management as set out in the relevant regulatory requirements;
- To review, assess and recommend risk management strategies, risk tolerance levels, which include monitoring and assessing the results of capital management, stress testing and ICAAP for the Board of Directors' approval;
- To assess and endorse the adequacy of the Business Continuity Management ("BCM") and planning and Disaster Recovery ("DR") policies and strategies and to review the BCM and DR post test results;
- To oversee the information technology matters including ex-ante risk assessments on internet insurance; and
- To oversee the design and implementation of the operational risk management for the Company.

3. REMUNERATION COMMITTEE

The Remuneration Committee ("RC") comprises of three (3) INEDs and two (2) NINEDs, and Chairman is an INED. A total of four (4) meetings were held during the financial year ended 31 December 2019. The details of the RC membership and meetings held during the financial year were as follows:-

Name of Directors	Total meetings attended	Percentage of attendance (%)
Tan Sri Dr. Ong Hong Peng (Chairman)	4/4	100%
Ahmad Subri Bin Abdullah	4/4	100%
Datuk Yong Bun Fou	4/4	100%
Tan Chong Liong	4/4	100%
Dato' Loh Lye Ngok ^{#1}	1/1 *	100%

^{#1} Appointed on 2 April 2019

* Reflects the attendance and the number of meetings held during the period the Directors held office.

CORPORATE GOVERNANCE STATEMENT (CONT'D.)

3. REMUNERATION COMMITTEE (CONT'D.)

The principal duties and responsibilities of the RC are as follows:

- Recommend a framework of remuneration for Directors, CEO and senior management team of the Company;
- Recommend specific remuneration packages of Directors, CEO and senior management team. This is to ensure that the Company remains competitive in terms of compensation and is able to attract, retain and motivate the caliber needed to manage the Company successfully, while being consistent with the prudent management of the Company's affairs;
- Support the Board in overseeing the design and operation of the financial institution's remuneration system as set out in the CGPD; and
- Periodically review the remuneration of the Board, particularly on whether remuneration remains appropriate to each Director's contribution, taking into account the level of expertise, commitment and responsibilities undertaken.

4. NOMINATIONS COMMITTEE

The Nominations Committee ("NC") comprises of three (3) INEDs, one (1) NINED and one (1) NIED, and Chairman is an INED. A total of six (6) meetings were held during the financial year ended 31 December 2019. The details of the NC membership and meetings held during the financial year were as follows:

Name of Directors	Total meetings attended	Percentage of attendance (%)
Tan Sri Dr. Ong Hong Peng (Chairman)	6/6	100%
Ahmad Subri Bin Abdullah	6/6	100%
Datuk Yong Bun Fou	6/6	100%
Dato' Loh Lye Ngok ^{#1}	3/3 *	100%
Daniel Neo ^{#2}	5/5 *	100%
Yasuhiro Sasanuma ^{#3}	1/1 *	100%

#1 Appointed on 2 April 2019

#2 Resigned on 4 October 2019

#3 Appointed on 4 October 2019

** Reflects the attendance and the number of meetings held during the period the Directors held office.*

CORPORATE GOVERNANCE STATEMENT (CONT'D.)

4. NOMINATIONS COMMITTEE (CONT'D.)

The principal duties and responsibilities of the NC are as follows:

- Establish the minimum requirement for the Board of Directors and the CEO to perform their responsibilities effectively;
- Review the Board structure, mix and composition, and the mix and skills and core competencies required for the Board to discharge its duties effectively;
- Assess the effectiveness of the Board and Board Committees on annual basis;
- Consider and evaluate the appointment of new Directors and Directors to fill the seats on the Board Committees of the Company and to recommend candidates to the Board and BNM for appointment and reappointment or re-election;
- Appointment and evaluation of the CEO and senior management team of the Company;
- Ensure that all Directors undergo appropriate induction programmes and receive continuous training; and
- Oversee the management succession planning of the Company.

5. INVESTMENT COMMITTEE

The Investment Committee ("IC") comprises of three (3) INEDs, two (2) NINEDs and one (1) NIED, and Chairman is a NINED. A total of four (4) meetings were held during the financial year ended 31 December 2019. The details of IC membership and meetings held during the financial year were as follows:

Name of Directors	Total meetings attended	Percentage of attendance (%)
Tan Chong Liong (Chairman)	4/4	100%
Azhar Bin Mohamad	4/4	100%
Datuk Yong Bun Fou	4/4	100%
Tan Sri Dr. Ong Hong Peng	4/4	100%
Dato' Loh Lye Ngok ^{#1}	3/3 *	100%
Daniel Neo ^{#2}	3/3 *	100%
Yasuhiro Sasanuma ^{#3}	1/1 *	100%

#1 Appointed on 2 April 2019

#2 Resigned on 4 October 2019

#3 Appointed on 4 October 2019

** Reflects the attendance and the number of meetings held during the period the Directors held office.*

CORPORATE GOVERNANCE STATEMENT (CONT'D.)

5. INVESTMENT COMMITTEE (CONT'D.)

The principal duties and responsibilities of the IC are as follows:

- Review and recommend the investment policy, investment strategies and strategic plan of the investment and divestment activities;
- Monitor the Company's investment to assess the appropriateness of the investment strategy and recommend changes to the Board as appropriate;
- Review the investment objectives and strategies of the Company and its core businesses;
- Report to the Board at regular intervals on investment performance in comparison to relevant benchmarks (either directly or via investment experts);
- Ensure that investments are made in accordance with the strategy and related asset allocation limits;
- Consider the appointment of external investment managers and associated investment fees;
- Consider and if appropriate, approve any specific investments in excess of asset allocation limits, subject to scope agreed with the Board, and prohibiting other classes of investment (for example on ethical ground);
- To promote appropriate credit management, asset and liabilities matching management, liquidity and investment returns to the best interest of the Company; and
- To review and monitor the risk exposure of the investment portfolio and recommend the appropriate risk tolerance limit to the Board.

KEY RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

Risk Management Governance and Framework

- **Risk Management Committee ("RMC")**

RMC is a non-executive committee, chaired by an Independent Non-Executive Director which oversees the senior management's activities in managing the Company's Tier 1 Risks and to ensure the risk management, compliance and information technology process is in place and functioning effectively.

CORPORATE GOVERNANCE STATEMENT (CONT'D.)

KEY RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONT'D.)

Risk Management Governance and Framework (Cont'd.)

- **Risk Management Working Committee ("RMWC")**

The roles and responsibilities of RMWC, which is chaired by the Chief Risk Officer ("CRO"), provides the essential platform to assist the RMC in making informed decisions on financial and non-financial risks, and the Committee provides effective oversight on the risk exposures across the company.

- **Risk Management Department**

The Risk Management Department as the "second line of defence" is responsible for assisting the Board, RMC, RMWC and Management in developing and maintaining the Enterprise Risk Management ("ERM") Framework by establishing Risk Management policies and methodologies, including defining roles and responsibilities, performing independent risk assessment and independent validation, assisting the Board in fulfilling its corporate governance responsibilities, and in implementing risk-based capital framework and monitoring of capital adequacy level.

- **Audit Committee ("AC")**

The AC is responsible to assist the Board in ensuring that there is a reliable and transparent financial reporting process. The AC is responsible for the effective performance of the Internal Audit function where the AC reviews and reports to the Board of Directors on all audit reports, approves the internal audit plans and transmits to the Management such instructions as it deems necessary for the implementation of appropriate internal controls. The AC is guided by its Charter, approved by the Board, in discharging its roles and responsibilities.

Internal Audit Department

The Internal Audit Department ("IAD") of the Company is established to provide independent and objective assurance to the AC, Board and Management that policies, procedures and operations that the Management has put in place for risk management, control and governance are adequate, operating effectively and efficiently and are in compliance with applicable laws and regulations.

IAD's main role is to provide timely, independent and impartial advice as to whether activities reviewed are:

- (a) in accordance with the Company policies, guidelines and procedures;
- (b) in compliance with the rules and regulations and other prescribed laws and regulations set by BNM, PIAM and other regulatory bodies; and
- (c) achieving the desired results efficiently, effectively and economically.

CORPORATE GOVERNANCE STATEMENT (CONT'D.)

KEY RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONT'D.)

Internal Audit Department (Cont'd.)

IAD maintains independence of the activities it reviews at all times. Specifically, Internal Audit teams may not review areas where they were responsible for the design or operation of the area. IAD works closely with the Management to effectively discharge their responsibilities and provide line management with analysis, appraisals, recommendations and information concerning the activities that were reviewed which are under their control.

Other Key Elements of Risk Management and Internal Control

- **Organisational Structure & Management Accountability**

The Company has an organisational structure with clearly defined lines of responsibility, authority limits and accountability in-line with business and operational requirements. Various management committees are established to assist in managing the day-to-day operations for developed tactical strategies, ensure activities are carried out in accordance within the objective, and/or strategies as approved by the Board.

- **Policies and Procedures**

Policies and procedures, which incorporate regulatory, internal policies requirements and control systems are prescribed in the standard form of circulars to line management in all departments and are updated on a yearly basis and/or as and when necessary.

- **Corporate Independence**

The Company complies with the Guidelines on Related Party Transaction. Necessary disclosures have been made to the Board as and when required, prior Board's approval has been obtained. All material related party transactions have been disclosed in Note 26 to the financial statements.

- **Financial Reporting**

The Company maintains proper accounting records and the financial statements are prepared in accordance with the Malaysian Reporting Standards ("MFRS") issued by the Malaysian Accounting Standards Board ("MASB"), International Financial Reporting Standards ("IFRS"), the requirements of the CA 2016, FSA 2013 and relevant Guidelines/Circulars issued by BNM.

- **Approving Authority Limits**

There are operational approving authority limits imposed on the CEO and the management within the Company in respect of day-to-day operation from underwriting, claims, investments, operating expenditure and capital expenditure.

CORPORATE GOVERNANCE STATEMENT (CONT'D.)

KEY RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONT'D.)

Other Key Elements of Risk Management and Internal Control (Cont'd.)

- **Stress Testing**

Stress testing is a fundamental risk management tool in assessing the financial resilience of the Company under adverse yet plausible events. The stress test results together with the mitigating plans are tabled at least annually or from time to time as specified by BNM for the Board's deliberation and recommendation.

- **Executive Committee ("EXCO")**

The EXCO chaired by the CEO are conducted on monthly basis to review business development, financial performance and deliberation of management and corporate matters.

- **Investment Working Committee ("IWC")**

The roles and responsibilities of IWC, which is chaired by the CEO are as follows:

- (a) to assist the IC in setting the investment policy;
- (b) to ensure the investment activities of the Company is conducted in accordance with the investment policy and in line with Risk-Based Capital Framework ("RBC"); and
- (c) to manage the Company's investment assets and make related strategic recommendations to the IC to achieve the Company's targeted investment returns.

- **Information Technology Steering Committee ("ITSC")**

The ITSC is chaired by the CEO. The committee is responsible for formulating the overall IT strategy, authorising IT related budget and expenditures, and monitoring overall efficiency, performance and effectiveness of IT services.

- **Business Continuity Management Committee ("BCMC")**

The BCMC comprises the members of the RMWC and responsible to effectively implement the BCM policy and strategies set out by the Board.

CORPORATE GOVERNANCE STATEMENT (CONT'D.)

REMUNERATION POLICY

Objectives

The Company aims to be the preferred employer for its employees. To achieve that, it has established a Remuneration Policy that is fair and effectively attracts, motivates and retains talents. The Remuneration Policy will be one of the main drivers for the Company to achieve its goals and objectives.

Pillars of Remuneration Policy

The Remuneration Policy is driven by 2 pillars:-

1. Rate for the job whereby all jobs are rated and paid based on job complexity, skills required, job size, etc., which allow employees to enjoy pay equity.
2. Merit based which is a fair and impartial basis to pay and reward employees.

Staff Performance Management System

The reward system is linked closely to the Company's Staff Performance Management System ("PMS"). The system uses two (2) metrics of measurements, i.e. Key Performance Indicators ("KPIs") which measures performances based on agreed targets and competencies which refer to individual skill sets.

Strategic Orientation

The Remuneration Policy applies to all levels of employees in the Company. When establishing the Remuneration Policy, the Company takes into account of industry or peers practices, laws and regulations. The Remuneration Policy safeguards the long-term financial stability and value creation of the Company and is aligned with the Company's risk management principles and practices.

Review of Remuneration Policy

The establishment of the Remuneration Policy, with inputs from the control functions is assessed by the Remuneration Committee before recommendation to the Board for approval. The Board plays an active oversight role to ensure that the Remuneration Policy forms a key component of the Company's governance and incentive structure which allows the Company to operate effectively to achieve its goals.

The Board also reviews the Remuneration Policy on a periodic basis to ensure that any material changes to the Remuneration Policy are in line with the Corporate Governance Policy Document issued by BNM.

CORPORATE GOVERNANCE STATEMENT (CONT'D.)

REMUNERATION POLICY (CONT'D.)

Composition of Remuneration

The composition of remuneration contains three (3) elements, namely Salary and Salary Increments, Performance Bonus and Other Benefits.

1. Salary and Salary Increments

Salary is basically determined through a rating of the job or in other words, a valuation of the position. The job is evaluated in terms of job size, job skills, job complexity and etc., which are rated against the market by making reference to market salary survey.

Salary increments are provided on the premise of future improved work deliveries of the individual staff, taking into account economic inflation and value-gained by each individual staff as they progress in their career. The amount of salary increment will be based on the individual's performance and the Company's profitability and affordability.

The Company will decide the average salary increment percentage to be paid out every year based on the same methodology set out in the performance bonus reward. The payment of salary increment will be at the discretion of the Company.

2. Performance Bonus

Bonus is paid to reward individual staff on the past year's work performance of the individual as well as the Company's overall performance. The bonus payment is not guaranteed, and if declared by the Company shall be based on the Company's and individual employee's performance. Payment of bonus shall be at the sole discretion of the Company.

The Company will distribute bonus based on the overall performance of the Company benchmarked against the general insurance industry through reputable market remuneration survey.

3. Other Benefits

Other monetary and non-monetary benefits are provided under the Company's Human Resource Policy.

Claw Back and Deferred Performance Bonus

In consideration of the time horizon of risks and taking into account the potential for financial risks to crystallise over a longer period of time, the Company has adopted a claw back and deferred bonus framework for the Key Responsible Persons ("KRPs").

CORPORATE GOVERNANCE STATEMENT (CONT'D.)

REMUNERATION POLICY (CONT'D.)

Control Functions

Control Functions' performances are assessed by the management and reviewed by the Board. Any compensation proposed by management for the Control Functions are also reviewed and approved by the Board. These measures are taken to ensure that Control Functions personnel are compensated independently of the businesses they oversee.

Key Responsible Persons

The Remuneration process includes strict adherence to regulatory requirement and active oversight by the Board whereby the remuneration of the CEO and other material risk takers, i.e. KRPs are reviewed and approved by the Remuneration Committee and Board annually. The Committee maintains and regularly reviews the list of senior management team who fall within the definition of "other material risk takers".

The list of KRPs is as below:-

- | | |
|--|---|
| 1. Chief Executive Officer ("CEO") | 9. Head of Commercial Business |
| 2. Deputy Chief Executive Officer ("DCEO") | 10. Head of Human Resources |
| 3. Chief Distribution Officer ("CDO") | 11. Head of Internal Audit |
| 4. Chief Financial Officer ("CFO") | 12. Head of Compliance |
| 5. Chief Operating Officer ("COO") | 13. Appointed Actuary |
| 6. Chief Technical Officer ("CTO") | 14. Company Secretary |
| 7. Chief Risk Officer ("CRO") | 15. Senior Manager - Information Security |
| 8. Senior Advisor - resigned on 1 April 2019 | |

The remuneration of the KRPs for the current financial year is shown in the table below:

Total value of remuneration awards for the financial year	KRPs	
	Unrestricted (RM)	Deferred
Fixed Remuneration		
● Cash-Based	5,419,864	-
● Shares and share-linked instruments	-	-
● Other	-	-
Variable Remuneration		
● Cash-Based	1,095,544	-
● Shares and share-linked instruments	-	-
● Other	-	-

The breakdown of the total remuneration for CEO and Directors for the financial year is disclosed in Note 23(b) - Directors' fees and allowances.

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

The Directors have pleasure in presenting their report together with the audited consolidated financial statements of Berjaya Sampo Insurance Berhad and its subsidiaries ("the Group") and separate financial statements of Berjaya Sampo Insurance Berhad ("the Company") for the financial year ended 31 December 2019.

PRINCIPAL ACTIVITY

The principal activity of the Company is the underwriting of general insurance business. As a result of applying MFRS 10 Consolidated Financial Statements, the financial statements of the subsidiaries are consolidated to the Group financial statements.

The principal activities of the controlled investees are investments in fixed income instruments and are disclosed in Note 7(e).

There have been no significant changes in the principal activities of the Group and the Company during the financial year.

RESULTS

	Group RM'000	Company RM'000
Net profit for the year	<u>83,595</u>	<u>77,545</u>
Profit attributable to:		
Equity holder of the Company	83,585	77,545
Non-controlling interests	<u>10</u>	<u>-</u>
	<u>83,595</u>	<u>77,545</u>

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the Directors, the results of the operations of the Group and the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDEND

No dividend has been paid or declared since the end of the previous financial year.

DIRECTORS' REPORT (CONT'D.)
FOR THE YEAR ENDED 31 DECEMBER 2019

DIRECTORS OF THE COMPANY

The Directors of the Company in office who served since beginning of the year to date of this report were as follows:-

Azhar Bin Mohamad (INED/Chairman)
Dato' Loh Lye Ngok (NINED) - appointed on 2 April 2019
Daniel Neo (NIED) – resigned on 4 October 2019
Yasuhiro Sasanuma (NIED) - appointed 4 October 2019
Datuk Yong Bun Fou (INED)
Ahmad Subri Bin Abdullah (INED)
Tan Sri Dr. Ong Hong Peng (INED)
Tan Chong Liong (NINED)

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during the year, did there subsist any arrangement to which the Company was a party, whereby Directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, or the options over the unissued shares of the holding Company and other related companies granted to certain Directors.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in Note 23 and Note 26 to the financial statements) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which he is a member or with a company in which he has a substantial financial interest.

DIRECTORS' INTERESTS

According to the register of Directors' shareholdings, none of the Directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

DIRECTORS' INDEMNIFICATION

The Group and the Company have maintained a Directors' and Officers' Liability ("D&O") Insurance up to an aggregate limit of RM82.5 million with premium expenses of approximately RM12,000 against any legal liability incurred by the Directors and Officers in discharging their duties while holding office in the Company. The Directors and Officers shall not be indemnified by such insurance for any deliberate negligence, fraud, intentional breach of law or breach of trust proven against them.

DIRECTORS' REPORT (CONT'D.)
FOR THE YEAR ENDED 31 DECEMBER 2019

OTHER STATUTORY INFORMATION

1. Before the Statement of Financial Position and Income Statement of the Group and the Company were made out, the Directors took reasonable steps:
 - a. to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - b. to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
2. At the date of this report, the Directors are not aware of any circumstances which would render:
 - a. the amount written off for bad debts or the amount of the provision for doubtful debts in the Statement of Financial Position and Income Statement of the Group and the Company inadequate to any substantial extent; and
 - b. the values attributed to the current assets in the financial statements of the Group and the Company misleading.
3. At the date of this report, the Directors are not aware of any circumstances which would render adherence to the existing method of valuation of assets or liabilities of the Group and the Company misleading or inappropriate.
4. At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and the Company which would render any amount stated in the financial statements misleading.
5. As at the date of this report, there does not exist:
 - a. any charge on the assets of the Group and the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - b. any contingent liability of the Group and the Company which has arisen since the end of the financial year.

DIRECTORS' REPORT (CONT'D.)
FOR THE YEAR ENDED 31 DECEMBER 2019

OTHER STATUTORY INFORMATION (CONT'D.)

6. In the opinion of the Directors:

- a. no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and the Company to meet its obligations as and when they fall due; and
- b. no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and the Company for the financial year in which this report is made.

For the purpose of paragraphs (5)(b) and (6)(a), contingent or other liabilities do not include liabilities arising from contracts of insurance underwritten in the ordinary course of business of the Group and the Company.

7. Before the Statement of Financial Position and Income Statement of the Group and the Company were made out, the Directors took reasonable steps to ascertain that there was adequate provisions for its insurance liabilities in accordance with the valuation methods specified in Part D of the Risk-Based Capital Framework ("RBC") for Insurers issued by BNM.

AUDITORS AND AUDITORS' REMUNERATION

The auditors, Ernst & Young PLT, have expressed their willingness to continue in office.

The auditors' remuneration are disclosed in Note 23 to the financial statements.

Signed on behalf of the Board in accordance with a resolution of the directors dated 13 March 2020.



Azhar Bin Mohamad



Datuk Yong Bun Fou

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

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT, 2016

We, Azhar Bin Mohamad and Datuk Yong Bun Fou, being two of the directors of Berjaya Sampo Insurance Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 32 to 125 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and the Company as at 31 December 2019 and of their financial performance and cash flows for the year ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 13 March 2020.



Azhar Bin Mohamad



Datuk Yong Bun Fou

STATUTORY DECLARATION
PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT, 2016

I, Tan Sek Kee, being the officer primarily responsible for the financial management of Berjaya Sampo Insurance Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 32 to 125 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared
by the abovenamed Tan Sek Kee,
at Kuala Lumpur in Wilayah Persekutuan
on *25th March 2020*



Tan Sek Kee

Before me,



Level 9, Menara Bangkok Bank
Berjaya Central Park
No. 105, Jalan Ampang
50450 Kuala Lumpur

198001008821 (62605-U)

**Independent auditors' report to the members of
Berjaya Sampo Insurance Berhad
(Incorporated in Malaysia)**

Report on the audit of the Financial Statements

Opinion

We have audited the financial statements of Berjaya Sampo Insurance Berhad, which comprise the statements of financial position as at 31 December 2019 of the Group and of the Company, the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 32 to 125.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and the Company as at 31 December 2019, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Information other than the financial statements and auditors' report thereon

The directors of the Company are responsible for the other information. The other information comprises the Corporate Governance Statement and Directors' Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

198001008821 (62605-U)

**Independent auditors' report to the members of
Berjaya Sampo Insurance Berhad (Cont'd.)
(Incorporated in Malaysia)**

Information other than the financial statements and auditors' report thereon (Cont'd.)

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

198001008821 (62605-U)

**Independent auditors' report to the members of
Berjaya Sampo Insurance Berhad (Cont'd.)
(Incorporated in Malaysia)**

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd.)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

198001008821 (62605-U)

**Independent auditors' report to the members of
Berjaya Sampo Insurance Berhad (Cont'd.)
(Incorporated in Malaysia)**

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd.)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements


In accordance with requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiary of which we have not acted as auditor, is disclosed in Note 7(e) to the financial statements.

Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young PLT
Ernst & Young PLT

202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants


Brandon Bruce Sta Maria
No. 02937/09/2021 J
Chartered Accountant

Kuala Lumpur, Malaysia
13 March 2020

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

		Group	Company	
		2019	2019	2018
	Note	RM'000	RM'000	RM'000
ASSETS				
Property and equipment	3	93,287	93,287	97,472
Intangible assets	4	28,041	28,041	29,259
Investment properties	5	23,930	23,930	23,930
Right-of-use assets	6	1,447	1,447	-
Investments	7	1,662,455	1,676,752	1,469,865
Reinsurance assets	8	345,393	345,393	300,621
Insurance receivables	9	95,178	95,178	104,471
Other receivables	10	60,479	56,672	79,623
Deferred tax assets	11	2,751	1,298	-
Cash and cash equivalents	12	157,088	146,086	123,943
TOTAL ASSETS		2,470,049	2,468,084	2,229,184
EQUITY				
Share capital	13	118,000	118,000	118,000
Available-for-sale fair value reserve		22,979	27,582	19,955
Retained profits		796,641	790,601	713,056
Equity attributable to owner of the Company		937,620	936,183	851,011
Non-controlling interests		422	-	-
TOTAL EQUITY		938,042	936,183	851,011
LIABILITIES				
Insurance contract liabilities	14	1,359,836	1,359,836	1,204,664
Deferred tax liabilities	11	-	-	436
Tax payable		6,021	6,021	3,094
Insurance payables	15	67,150	67,150	76,282
Other payables	16	99,000	98,894	93,697
TOTAL LIABILITIES		1,532,007	1,531,901	1,378,173
TOTAL EQUITY AND LIABILITIES		2,470,049	2,468,084	2,229,184

The accompanying notes form an integral part of the financial statements.

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019

		Group	Company	
		2019	2019	2018
	Note	RM'000	RM'000	RM'000
Gross earned premiums	17(a)	937,615	937,615	842,548
Earned premiums ceded to reinsurers	17(b)	(165,291)	(165,291)	(133,027)
Net earned premiums		<u>772,324</u>	<u>772,324</u>	<u>709,521</u>
Investment income	18	70,791	66,443	61,195
Net realised gains	19	9,125	8,738	3,816
Fair value gain/(losses)	20	231	(1,465)	(7,949)
Commission income		37,151	37,151	35,266
Other operating income	21	3,027	3,027	132
Other revenue		<u>120,325</u>	<u>113,894</u>	<u>92,460</u>
Gross claims paid	22(a)	(477,464)	(477,464)	(453,419)
Claims ceded to reinsurers	22(b)	93,476	93,476	78,072
Gross change in contract liabilities	22(c)	(153,951)	(153,951)	(77,479)
Change in contract liabilities ceded to reinsurers	22(d)	49,181	49,181	(4,258)
Net claims incurred	22	<u>(488,758)</u>	<u>(488,758)</u>	<u>(457,084)</u>
Commission expenses		(110,123)	(110,123)	(107,016)
Management expenses	23	(192,991)	(192,610)	(167,349)
Other expenses		<u>(303,114)</u>	<u>(302,733)</u>	<u>(274,365)</u>
Profit before tax		100,777	94,727	70,532
Tax expense	24	(17,182)	(17,182)	(10,112)
Net profit for the year		<u>83,595</u>	<u>77,545</u>	<u>60,420</u>
Earnings per share (sen)				
- Basic and Diluted	25	<u>70.8</u>	<u>65.7</u>	<u>51.2</u>

The accompanying notes form an integral part of the financial statements.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

		Group	Company	
		2019	2019	2018
	Note	RM'000	RM'000	RM'000
Net profit for the year		83,595	77,545	60,420
Other comprehensive income:				
Items that may be reclassified to Income Statement in subsequent periods:				
Available-for-sale fair value reserve:				
Net unrealised gain/(loss) on fair value changes		3,041	9,097	(11,361)
Realised gain/(loss) transferred to income statement upon disposal		938	938	(3,255)
		3,979	10,035	(14,616)
Tax effects	11	(955)	(2,408)	3,508
		3,024	7,627	(11,108)
Total comprehensive income for the year		86,619	85,172	49,312
Profit attributable to:				
Equity holder of the Company		83,585	77,545	60,420
Non-controlling interests		10	-	-
		83,595	77,545	60,420
Total comprehensive income attributable to:				
Equity holder of the Company		86,609	85,172	49,312
Non-controlling interests		10	-	-
		86,619	85,172	49,312

The accompanying notes form an integral part of the financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

Company

The accompanying notes form an integral part of the financial statements.

CASH FLOWS STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	Group 2019 RM'000	Company 2019 RM'000	2018 RM'000
<u>Operating activities</u>				
Cash flows generated from Operating activities:				
Profit before tax		100,777	94,727	70,532
Investment income	18	(71,713)	(66,617)	(61,458)
Amortisation of premium	18	922	174	263
Sundry income	21	(3,137)	(3,137)	(108)
Net realised gains on AFS investments	19	(8,666)	(8,666)	(3,700)
Gain on disposal of property and equipment	19	(72)	(72)	(116)
Gain on FVTPL financial assets	19	(387)	-	-
Fair value gain on FVTPL financial assets recorded in income statement	20	(1,696)	-	(4,326)
Fair value gain on investment properties	20	-	-	(200)
Allowance for/(write-back of) impairment losses:				
Investments	20	1,465	1,465	12,475
Insurance receivables	23	(9,373)	(9,373)	1,613
Property and equipment written off	23	29	29	8
Bad debts written off	23	2,125	2,125	8
Depreciation of property and equipment	23	5,409	5,409	5,322
Depreciation of Right-of-use assets	23	435	435	-
Lease interest expenses	23	63	63	-
Amortisation of intangible assets	23	4,949	4,949	3,912
Operating cash flows before working capital changes		21,130	21,511	24,225
Decrease/(Increase) in insurance receivables		16,541	16,541	(12,537)
Decrease/(Increase) in other assets		23,473	23,473	(12,229)
Increase in reinsurance assets		(44,772)	(44,772)	(19,069)
Decrease/(Increase) in loans and receivables		27,290	27,290	(61,820)
Increase in insurance contract liabilities		155,172	155,172	140,898
Decrease in insurance payables		(9,132)	(9,132)	(6,738)
Increase in other liabilities		5,117	5,011	27,189
		173,689	173,583	55,694
Dividend/distribution income received		45,833	47,088	38,341
Interest income received		21,891	19,345	18,266
Rental income received		1,472	1,472	2,487
Income tax paid		(18,397)	(18,397)	(5,786)
Net cash flows generated from operating activities		245,618	244,602	133,227

CASH FLOWS STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	Group 2019 RM'000	Company 2019 RM'000	2018 RM'000
<u>Investing activities</u>				
Cash flows generated from investing activities				
Purchase of property and equipment	3	(1,273)	(1,273)	(1,810)
Purchase of intangible assets	4	(3,731)	(3,731)	(10,431)
Proceeds from sale of property and equipment		92	92	127
Purchase of financial assets		(742,736)	(695,272)	(235,786)
Proceeds from sale of financial assets		535,194	478,156	161,209
Net cash flows used in investing activities		<u>(212,454)</u>	<u>(222,028)</u>	<u>(86,691)</u>
<u>Financing activities</u>				
Cash proceeds from units created		1,091	-	-
Payment for cancellation of units		(11)	-	-
Distributions paid		(668)	-	-
Lease interest paid	6	(63)	(63)	-
Payment of lease liabilities	6	(368)	(368)	-
Net cash from financing activities		<u>(19)</u>	<u>(431)</u>	<u>-</u>
Net increase in cash and cash equivalents		33,145	22,143	46,536
Cash and cash equivalents at beginning of the year	12	<u>123,943</u>	<u>123,943</u>	<u>77,407</u>
Cash and cash equivalents at end of year	12	<u>157,088</u>	<u>146,086</u>	<u>123,943</u>

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2019

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

The principal activity of the Company is the underwriting of general insurance business. The principal activities of the subsidiaries, which are wholesale unit trust funds, are as disclosed in Note 7(e). There has been no significant changes in the nature of these principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 13 March 2020.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The financial statements of the Group and the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act, 2016 ("CA 2016") in Malaysia.

The financial statements of the Group and the Company have also been prepared on a historical cost basis, unless otherwise stated in the summary of significant accounting policies.

The Company has met the minimum capital requirements as prescribed by the Risk-Based Capital Framework ("RBC") as at the reporting date.

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously. Income and expenses will not be offset in the Income Statements unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Group and the Company.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.1 BASIS OF PREPARATION (CONT'D.)

The consolidated financial statements of the Group and the Company are presented in Ringgit Malaysia ("RM"), and all values are rounded to the nearest thousand (RM'000) except when indicated otherwise.

2.2 BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date are prepared in conformity with MFRS10. The results and financial position of the subsidiaries used in the preparation of the consolidated financial statements have prepared by the respective unit trust funds managers. Consistent accounting policies are applied for like transactions and events of similar circumstances.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

- (a) the investor has power over an investee;
- (b) the investor has exposure, or rights, to variable returns from its involvement with the investee; and
- (c) the investor has ability to use its power over the investee to affect the amount of the investor's returns.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and other comprehensive income are attributed to the equity holders of the company and to the non-controlling interest, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. The carrying amounts of the interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 BASIS OF CONSOLIDATION (CONT'D.)

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

The Group has no control on the investees in 2018, hence, no consolidated financial statements are prepared for 31 December 2018.

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2019, the Group and the Company adopted the following new and amended MFRSs and Interpretation mandatory for annual financial periods beginning on or after 1 January 2019.

Description	Effective for annual periods on or after
• MFRS 16, Leases	1 January 2019
• Amendments to MFRS 9, Prepayment Features with Negative Compensation	1 January 2019
• Amendments to MFRS 128, Long-term Interests in Associates and Joint Ventures	1 January 2019
• Amendments to MFRS 119, Plan Amendment, Curtailment or Settlement	1 January 2019
• Annual Improvements to MFRSs 2015-2017 Cycle	1 January 2019
• IC Interpretation 23 "Uncertainty over Income Tax Treatments"	1 January 2019
• Amendments to MFRS 112, Income Taxes	1 January 2019

The adoption of the new pronouncements above during the year did not result in any material financial impact to the financial statements except as discussed 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. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONT'D.)

MFRS 16, Leases (Cont'd.)

The Group and the Company adopted MFRS 16 using the modified retrospective method of adoption, with the date of initial application of 1 January 2019. The Group and the Company elected to use the transition practical expedient to not reassess whether a contract is, or contains, a lease at 1 January 2019. The Group and the Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets). Consequently, there was no impact to the retained earnings brought forward as at 1 January 2019.

(i) Leases in which the Group and the Company are lessees

The Group and the Company recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group and the Company also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Relied on its assessment of whether leases are onerous immediately before the date of initial application;
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application;
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONT'D.)

(i) Leases in which the Group and the Company are lessees (Cont'd.)

Previously, the Group and the Company recognised operating lease expense on a straight-line basis over the term of the 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 nature of expenses related to those leases will now change because the Group and the Company will recognise a depreciation charge for right-of-use assets and interest expense on lease liabilities.

The first-time application of MFRS 16 as of 31 December 2018/1 January 2019 on the Statement of Financial Position are shown below:

	MFRS 117		MFRS 16
	31 December		1 January
	2018	Adjustments	2019
	RM '000	RM '000	RM '000
ASSETS			
Right-of-use assets	-	1,441	1,441
LIABILITIES			
Lease liabilities	-	1,354	1,354
Provision for restoration costs	-	87	87

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018, as follows:

	RM'000
Operating lease commitments as at 31 December 2018	1,862
Weighted average incremental borrowing rate as at 1 January 2019	4.79%
Discounted operating lease commitments as at 1 January 2019	1,748
Less :	
Recognition exemption for short-term leases/low-value leases at transition	(612)
Add :	
Lease payments not included in operating lease commitments as at 31 December 2018	218
Lease liabilities as at 1 January 2019	1,354

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONT'D.)

(i) Leases in which the Group and the Company are lessees (Cont'd.)

- (a) The impact of the application of MFRS 16 to the Income Statement of the Group and the Company for the year ended 31 December 2019 are shown below:

	RM'000
Depreciation of Right-of-use assets	435
Lease interest expenses	<u>63</u>

The adjustments from the initial application of MFRS 16 reflect the depreciation of ROU assets and ROU interest expense from the compounding of lease liabilities categorised as operating leases for the financial year ended 31 December 2019.

- (b) The impact of the application of MFRS 16 on the Statement of Cash Flows of the Group and the Company for the year ended 31 December 2019 are shown below:

	RM'000
Cash flows from operating activities	
Depreciation of Right-of-use assets	435
Lease interest expenses	<u>63</u>
Cash flows from financing activities	
Lease interest paid	-63
Payment of lease liabilities	<u>-368</u>

(ii) Leases in which the Group and the Company are lessors

There was no significant impact arising from adoption of MFRS 16 for leases in which the Group and the Company are lessors.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Property and equipment

All items of property and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Income Statement during the financial year in which they incurred.

Subsequent to recognition, property and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.4(e).

Work-in-progress is not depreciated until such time that it is ready for its intended use. Depreciation of property and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life for current and comparative periods, at the following annual rates:

Land and buildings	2%
Furniture, fittings and office equipment	10%
Computers	20%
Motor vehicles	20%

The residual values, useful life and depreciation method are reviewed at each reporting date to ensure that the amount, method and period of depreciation and the expected pattern of consumption of the future economic benefits embodied in the items of property and equipment.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in Income Statement.

(b) Intangible assets

The intangible assets of the Group and the Company consist of computer software and golf club memberships. These intangible assets, which were acquired separately, are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(b) Intangible assets (Cont'd.)

The useful lives of intangible assets are assessed to be either finite or infinite. Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation year and the amortisation method for an intangible asset with a finite useful life are reviewed at least once at each reporting date. The amortisation is charged to the Income Statement.

Computer software licenses acquired separately are capitalised on the basis of the costs incurred to acquire and bring the asset to its intended use. These costs are amortised over their estimated useful lives of 5 years.

Costs that are directly associated with knowledge based software and computer applications which are unique to the requirements of the insurance business are recognised as intangible assets. These software and applications are expected to generate economic benefits beyond one year. Direct attributable costs include the software development employee costs and an appropriate portion of relevant overheads to prepare the asset for its intended use. These costs are recognised as assets and amortised over their estimated useful lives of 5 to 10 years.

The golf club memberships are considered as infinite life intangible assets. The useful life of an intangible asset with an infinite useful life is reviewed annually to determine whether there is any impairment losses to be recognised and whether the infinite life assessment continues to be supportable.

(c) Leases

The Group and the Company assess at contract inception whether a contract is, or contains, a lease. Leases arise when the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration.

Beginning 1 January 2019

The Group and the Company as lessees

The Group and the Company apply a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group and the Company recognise lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(c) Leases (Cont'd.)

(i) Right-of-use assets

The Group and the Company recognise right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Property	2 to 7 years
Equipment	2 to 4 years

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Note 2.4(e) for impairment of non-financial assets.

(ii) Lease Liabilities

At the commencement date of the lease, the Group and the Company recognise lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under agreed residual value. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and the Company and payments of penalties for terminating the lease, if the lease term reflects the Group and the Company exercising the option to terminate.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(c) Leases (Cont'd.)

(ii) Lease Liabilities (Cont'd.)

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Group and the Company use its incremental borrowing rate at the lease commencement date as the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (i.e. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(iii) Short-term leases and leases of low-value assets

The Group and the Company apply the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

The Group and the Company as lessors

Leases in which the Group and the Company do not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(c) Leases (Cont'd.)

Before 1 January 2019

(i) Operating Lease

Leases, where the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the Statement of Financial Position.

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(ii) Finance Lease - the Company as lessor

Assets acquired by way of hire purchase or finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses.

The corresponding liability is included in the Statements of Financial Position as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the profit rate implicit in the lease, when it is impracticable to determine; otherwise, the Company's incremental borrowing rate is used. Any initial direct cost is also added to the carrying amount of such assets.

(iii) Finance Lease - the Company as lessee

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in profit and loss over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each reporting date.

The depreciation policy for leased assets is in accordance with that for depreciable property and equipment as described in Note 2.2(a).

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(d) Investment properties

Investment properties are properties which are owned or held to earn rental income or for capital appreciation or both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued. The fair values of investment properties are revalued at regular intervals of at least once in every three years and with additional valuation in the intervening years to ensure that the carrying amount does not differ materially from the fair value of the properties at the financial year end reporting date. The Board determines the policies and procedures for recurring and non-recurring fair value measurement and takes responsibility in the selection of independent valuers.

Any gains or losses arising from the changes in fair value of investment properties are recognised in Income Statement in the year in which they arise.

Transfers are made to or from investment properties only when there is a change in use. For a transfer from investment properties to self-occupied properties, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from self-occupied properties to investment properties, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.4(a) up to the date of change in use. Where the fair value of the property exceeds its carrying amount. A revaluation surplus or deficit is recognised in profit or loss.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in Income Statement in the year in which they arise.

(e) Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(e) Impairment of non-financial assets (Cont'd.)

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

An impairment loss is recognised in the Income Statement in the year in which it arises.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the assets in prior years.

Reversal of impairment loss for an asset is recognised in the Income Statement.

(f) Financial instruments

Financial instruments are recognised in the Statements of Financial Position when the Group and the Company have become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets and financial liabilities in accordance with the substance of the contractual arrangements. Interest, dividends, gains and losses relating to a financial instrument classified as a financial asset or financial liability are reported as expense or income.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(f) Financial instruments (Cont'd.)

The Group and the Company categorise and measure financial instruments as follows:

(i) Financial assets

Financial assets are recognised initially at fair value, plus in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss ("FVTPL")

Financial assets at FVTPL include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets classified as held for trading are derivatives or financial assets acquired principally for the purpose of selling in the near term.

Financial assets designated upon initial recognition as FVTPL are designated at their initial recognition date and only if the following criteria are met:

- the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising the gains or losses on different basis; or
- the assets and liabilities are part of the group of financial assets, financial liabilities or both which are managed and their performance are evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

Subsequent to initial recognition, financial assets at FVTPL are measured at fair value.

Any gains and losses arising from changes in fair value are recognised in Income Statement. Net gains or net losses on financial assets at FVTPL do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at FVTPL are recognised separately in the Income Statement as part of other expenses or other income and investment income respectively.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(f) Financial instruments (Cont'd.)

(i) Financial assets (Cont'd.)

FVTPL includes Malaysian Government Securities and Corporate Bonds as described in Note 7(a).

Held-to-maturity ("HTM") financial assets

Non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group and the Company management have the positive intention and ability to hold to maturity are classified as HTM financial assets. These financial assets are carried at amortised cost using the effective interest method, less any impairment loss. Gains or losses are recognised in the Income Statements when the investments are derecognised or impaired, as well as through the amortisation process.

HTM includes Corporate Bonds as described in Note 7(b).

Loans and receivables ("LAR")

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market as classified as LAR. These financial assets are initially recognised at cost, being the fair value of the consideration paid for the acquisition of the financial assets. All transaction costs directly attributable to the acquisition are also included in the cost of the financial assets. After initial measurement, such financial assets are carried at amortised cost using the effective interest method less accumulated impairment losses.

LAR includes insurance receivables, and deposits with financial institutions with original maturity of more than 3 months. For the accounting policies with respect to insurance receivables, refer to Note 2.4(l).

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(f) Financial instruments (Cont'd.)

(i) Financial assets (Cont'd.)

Available-for-sale ("AFS") financial assets

Non-derivative financial assets that are not classified in any of the three preceding categories are designated as AFS financial assets. After initial measurement, AFS financial assets are measured at fair value with unrealised gains or losses recognised directly in equity until the investment is derecognised, at which time the cumulative gain or loss recorded in equity is recognised in other comprehensive income, or if the asset is determined to be impaired, the cumulative loss recorded in equity is recognised in the Income Statement.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

AFS includes Equity securities, Unit Trust Funds, Malaysian Government Securities and Corporate Bonds as described in Note 7(d).

(ii) Financial liabilities

Trade and other payables are classified as other financial liabilities and recognised initially at fair value of the consideration to be paid in the future for goods and services received.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

(g) Fair value measurement

The Group and the Company measure certain assets at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(g) Fair value measurement (Cont'd.)

The principal or the most advantageous market must be accessible by the Group and the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group and the Company use valuation techniques that are appropriate in the circumstances for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which all input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The fair value of the investment properties of the Group and the Company are categorised as Level 3. The properties being valued are compared with sales of similar properties that have been transacted in the open market. Listing and offering may also be considered. Valuation under this method may be significantly affected by the timing and the characteristics (such as location, accessibility, design, size and condition) of the property transaction used for comparison.

For assets and liabilities that are recognised in the financial statements on recurring basis, the Group and the Company determine whether transfers have occurred between Levels in the hierarchy 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(h) Impairment of financial assets

If the fair value cannot be measured reliably, these financial instruments are measured at cost, being the fair value of the consideration paid for the acquisition of the instrument or the amount received on issuing the financial liability. All transaction costs directly attributable to the acquisition are also included in the cost of the investment.

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

Financial assets carried at amortised cost

If there is an objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial assets original effective interest rate. The carrying amount of the assets is reduced and the loss is recorded in the Income Statement.

The Group and the Company first assess whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and the group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment. The impairment assessment is performed at each reporting date.

Any subsequent reversal of impairment losses are made through profit or loss if the increase in the fair value of the instruments can be objectively related to an event occurring after the impairment losses were recognised in the Income Statement.

AFS financial assets

When assessing the impairment of equity instruments, the Group and the Company consider, in addition to observable data about loss events, whether there is a significant or prolonged decline in the fair value of equity investments, and whether the cost of investment in equity instruments may be recovered. When there is evidence that the cost of investment in equity instruments may not be recovered, an impairment loss is recognised.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(h) Impairment of financial assets (Cont'd.)

AFS financial assets (Cont'd.)

If an AFS financial asset is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to Income Statement.

Impairment losses on AFS equity instruments are not reversed in Income Statement in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. Reversals of impairment losses on debt instruments classified as AFS are reversed through profit or loss if the increase in the fair value of the instruments can be objectively related to an event occurring after the impairment losses were recognised in profit or loss.

Unquoted equity securities carried at cost

If there is an objective evidence that an impairment loss on unquoted equity securities carried at cost has been incurred, the carrying amount will be written down to the recoverable amount. Such impairment losses are not reversed in subsequent periods.

(i) Derecognition of financial instruments

Financial assets are derecognised when the rights to receive cash flows from them have expired or all the risks and rewards of ownership have been transferred substantially.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gains and losses that had been recognised in other comprehensive income are recognised in profit or loss.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability. The recognition of the new liability and the difference in the respective carrying amounts is recognised in the Income Statement.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(j) Equity instruments

Ordinary shares are classified as equity in the Statement of Financial Position.

Ordinary shares are recorded at the time when proceeds are received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared and approved by the Company's shareholders. Dividends are deducted from equity when they are paid.

Dividends for the year that are approved after balance sheet date are dealt with as an event after the balance sheet date.

(k) Investment in subsidiaries

The consolidated financial statements are prepared if control is achieved when the Group and the Company have power over the investee is exposed, or have rights, to variable returns from its involvement with the investee and have the ability to use its power to affect its returns. The Group and the Company reassess at each reporting date that it control these investees on factor mentioned in Note 2.2.

In the separate financial statements, investments in subsidiaries are carried at fair value, being the net asset value of the wholesale unit trust funds. Subsequently, investments in subsidiaries are measured in accordance with the requirements of MFRS 139, as further elaborated in Note 2.4(f). Upon disposal of such investments, the difference between the net disposal proceeds and their carrying amounts is recognised in profit or loss.

(l) Insurance receivables

Insurance receivables are amounts receivable under the contractual terms of an insurance contract. On initial recognition, insurance receivables are measured at fair value based on the consideration received or receivable. Subsequent to initial recognition, insurance receivables are measured at amortised cost using the effective interest method.

Receivables are assessed at each reporting date on whether there is objective evidence of impairment as a result of one or more events that would have impact on the estimated future cash flow of the asset.

If there is objective evidence that the insurance receivable is impaired, the Group and the Company reduce the carrying amount of the insurance receivables accordingly and recognise an impairment loss in the Income Statement.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(l) Insurance receivables (Cont'd.)

Insurance receivables are derecognised when the rights to receive cash flows from them have expired or when they have been transferred and the Group and the Company have transferred substantially all risks and rewards of ownership.

Write-off

The gross carrying amount of the insurance receivable is written off when the Group and the Company have no reasonable expectations of recovering of the amount in its entirety or a portion thereof. An impairment loss is reversed when the gross carrying amount does not exists. Any subsequent recoveries are credited to profit and loss.

(m) Reinsurance

The Group and the Company cede insurance risk in the normal course of business for all businesses. Reinsurance assets represent balances due from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision associated with the reinsurers' policies and are in accordance with the related reinsurance contracts.

Ceded reinsurance arrangements do not relieve the Group and the Company from the obligations to policyholders. Premiums and claims are presented on a gross basis for both ceded and assumed reinsurance.

Reinsurance assets are reviewed for impairment at each reporting date or more frequently when an indication of impairment arises during the reporting period. Impairment is recognised when there is an objective evidence as a result of an event that occurs after initial recognition of the reinsurance assets that the Group and the Company may not receive all outstanding amounts due under the terms of the reinsurance contract and the event has a reliably measurable impact on the amounts that the Group and the Company will receive from reinsurer. The impairment loss is recorded in the Income Statement.

Premium and claims on assumed reinsurance are recognised as revenue or expenses in the same manner as they would be if the reinsurance were considered direct business.

Amount due to reinsurers and ceding companies are estimated in a manner consistent with the related reinsurance contract.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(m) Reinsurance (Cont'd.)

Reinsurance assets or amount due to reinsurers and ceding companies are derecognised when the contractual rights are extinguished or expired or when the contract is transferred to another party.

(n) Product classification

The Group and the Company currently only issue contracts that transfer insurance risk.

Insurance contracts are those contracts that transfer significant insurance risk. An insurance contract is a contract under which the Group and the Company (the insurer) have accepted significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. As a general guideline, the Group and the Company determine whether it has significant insurance risk by comparing claims paid with claims payable if the insured event did not occur.

Once a contract has been classified as an insurance contract, it remains as an insurance contract for the remainder of its life-time, even if the insurance risk reduces significantly during the year, unless all rights and obligations are extinguished or expired.

When insurance contracts contain both financial risk component and significant insurance risk component, the cash flows from the two components are distinct and can be measured reliably, the underlying amounts are unbundled. Any premium relating to the insurance risk component are accounted for on the same basis as insurance contracts and the remaining element accounted for as a deposit through the Statement of Financial Position similar to investment contracts. Investment contracts are those contracts that do not transfer significant insurance risk.

(o) General insurance underwriting results

The general insurance underwriting results, are determined for each class of business after taking into account reinsurances, commissions, unearned premium reserves and claims incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(o) General insurance underwriting results (Cont'd.)

(i) Premium Income

Premiums are recognised in a financial year in respect of the risks assumed during that particular financial year. Premiums in respect of risks incepted for which debit notes or policies have not been raised as of the date of the Statement of Financial Position are accrued at that date as pipeline premiums.

Inward treaty reinsurance premiums are recognised on the basis of periodic advices received from ceding insurers.

Outward reinsurance premiums are recognised in the same accounting period as the original policy to which the reinsurance relates.

(ii) Premium liabilities

Premium liabilities represent the future obligations on insurance contracts as represented by premiums received for risks that have not yet expired. The movement in premium liabilities is released over the term of the insurance contracts and is recognised on premium income.

Premium liabilities are reported at the higher of the aggregate of the unearned premium reserve ("UPR") for all lines of business and the best estimate value of the insurer's unexpired risk reserves ("URR") at the end of the financial year and provision of risk margin for adverse deviation ("PRAD") calculated at 75% confidence level at the overall Company level. The best estimate value is a prospective estimate of the expected future payments arising from future events insured under policies in force at the end of the financial year including allowance for insurer's expenses.

Unexpired risk reserves

The URR is the prospective estimate of the expected future payments arising from future events insured under policies in force as at the end of the financial year. It also includes allowance for expenses, including overheads and cost of reinsurance, expected to be incurred during the unexpired period in administering these policies and settling the relevant claims, and expected future premium refunds.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(o) General insurance underwriting results (Cont'd.)

(ii) Premium liabilities (Cont'd.)

Unearned premium reserves

UPR represents the portion of the net premiums of insurance policies written that relate to the unexpired periods of the policies at the end of the financial year.

In determining the UPR at the reporting date, the method that most accurately reflects the actual liability is used, as follows:

- 25% method for marine cargo, aviation and transit business;
- 1/24th method for all other classes of general business in respect of Malaysian policies, with the following deduction rates, or actual commission incurred, whichever is lower

Motor and bonds	10%
Fire, engineering, aviation and marine hull	15%
Medical	10 - 15%
Other classes	25%
- Non-annual policies are time apportioned over the period of the risks.

(iii) Claims Incurred

Claims include all claims occurred during the financial year, whether reported or not and related external claims handling cost that are directly related to the processing and settlement of claim.

(iv) Claim liabilities

Claim liabilities are recognised as the obligation to make future payments in relation to all claims that have been incurred as at the end of the financial year. The value is the best estimate value of claim liabilities which include provision for claims reported, claims incurred but not enough reserved ("IBNER"), claims incurred but not reported ("IBNR") and direct and indirect claim-related expenses as well as PRAD at 75% confidence level calculated at the overall Company level as prescribed by BNM. The liability is not discounted for the time value of money. The liabilities are derecognised when the contract expires, is discharged, or cancelled.

Claims liabilities are determined based on a valuation performed by the Appointed Actuary.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(o) General insurance underwriting results (Cont'd.)

(v) Commission and Agency Expenses

The cost of acquiring and renewing insurance policies net of income derived from ceding reinsurance premiums is recognised as incurred and properly allocated to the periods in which it is probable they give rise to income.

Commission income derived from reinsurers in the course of ceding of premiums to reinsurers are charged to Income Statement in the period in which they incurred.

(p) General insurance contract liabilities

General insurance contract liabilities are recognised when contracts are entered into and premiums are charged. These liabilities comprise claims liabilities and premium liabilities, as described in Note 2.4(o)(ii), (iii) and (iv).

(q) Revenue from contract with customers

Revenue is recognised when the Group and the Company satisfy a performance obligation by transferring a promised good or service to a customer. Generally, satisfaction of a performance obligation occurs when (or as) the Group and the Company control of the goods or services is transferred to the customer. Control can be defined as the ability to direct the use of an asset and to obtain substantially all of the remaining benefits from the asset. Control also includes the ability to prevent another entity from directing the use of and obtaining the benefits from an asset.

For each separate performance obligation, the Group and the Company will need to determine whether the performance obligation is satisfied by transferring the control of goods or services over time. If the performance obligation is not satisfied over time, then it is satisfied at a point of time.

When (or as) a performance obligation is satisfied, the Group and the Company shall recognise as revenue the amount of the transaction price (which excludes estimates of variable consideration that are constrained, that is allocated to that performance obligation).

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(r) Other revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the Company and the revenue can be reliably measured.

The following specific recognition criteria must also be met before revenue is recognised:

(i) Interest income

Interest income is recognised on a time proportion basis that takes into account the effective yield of the asset.

(ii) Dividend income

Dividend income is recognised on a declared basis when the right to receive payment is established.

(iii) Rental income

Rental income is recognised on an accrual basis in accordance with the terms of the relevant agreements except where a default in the payment of rent has already occurred and rent due remains outstanding for more than six months, in which case recognition of rental income is suspended. Subsequent to suspension, rental is recognised on a receipt basis until all arrears have been paid.

(s) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the reporting date.

Deferred tax is provided for, using the liability method, on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(s) Income tax (Cont'd.)

In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary differences arises from the initial recognition of an asset or liability which at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax is recognised in the Income Statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity.

(t) Goods and Services Tax ("GST")/Sales and Service Tax ("SST")

Under the GST regime, the revenues, expenses and assets are recognised net of the amount of GST except where GST incurred on the purchase of assets or services is not recoverable from the tax authority, in which case the GST is recognised as expense in profit or loss.

GST Act 2014 was repealed and replaced by Sales and Service Tax ("SST") Act 2018 effective from 1 September 2018. SST is chargeable on prescribed taxable services. Any SST incurred for purchase of assets and expenses are not recoverable from the tax authority. Consequently, the SST incurred are recognised as an expense in profit or loss.

GST and SST are disclosed in the Statement of Financial Position as part of other receivables or other payables and represents amounts recoverable from or payable to the tax authority.

(u) Employee benefits

(i) Short-term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group and the Company. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated balances, and short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(u) Employee benefits (Cont'd.)

(ii) Defined contribution plan

As required by law, the Group and the Company make contributions to the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the Income Statement as incurred.

(v) Foreign currencies

Transactions in foreign currencies are converted into Ringgit Malaysia at rates of exchange approximating those ruling at the transaction dates. At each reporting date, foreign currency monetary items are translated into Ringgit Malaysia at exchange rates ruling at that date. All exchange rate differences are taken to the Income Statement. The currencies giving rise to these differences are primarily United States Dollar (USD) and Singapore Dollar (SGD).

(w) Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and deposits held at call with financial institutions with original maturity of 3 months or less. It excludes deposits which are held for investment purpose.

2.5 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

(a) Critical judgements made in applying accounting policies

The following are the judgements made by management in the process of applying the Group and the Company accounting policies that have the most significant effects on the amounts recognised in the financial statements.

(i) Classification between investment property and self-occupied property

The Group and the Company have developed certain criteria based on MFRS 140 Investment Property in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.5 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D.)

(a) Critical judgements made in applying accounting policies (Cont'd.)

(i) Classification between investment property and self-occupied property (Cont'd.)

If these portions could be sold separately (or leased out separately under a finance lease), the Group and the Company would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

(ii) Impairment of AFS investments

The determination of what is a "significant" or "prolonged" decline in fair value requires judgement. In making this judgement, the Group and the Company evaluate, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost. During the year, the Group and the Company impaired quoted equity instruments in accordance with internal policy amounting to RM1,465,000 (2018: RM12,475,293) as disclosed in Note 20.

(iii) Deferred tax assets

Deferred tax assets are recognised for provisions for impairment of investments, other provisions and premium liabilities to the extent that it is probable that taxable profit will be available against which these provisions and liabilities can be utilised. Significant judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing of future taxable profits together with future tax planning strategies. At 31 December 2019, deferred tax assets recognised by the Group and the Company amounted to RM18,093,773 (2018: RM12,609,848) as disclosed in Note 11.

(iv) Impairment of insurance receivables

The Group and the Company assess at the end of each reporting date, for any objective evidence of impairment of its financial assets. A receivable is considered as individually impaired if the counterparty is in the process of liquidation, absconded, having significant financial difficulty or legal actions have been taken to recover the outstanding balance.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.5 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D.)

(a) Critical judgements made in applying accounting policies (Cont'd.)

(iv) Impairment of insurance receivables (Cont'd.)

The Group and the Company also provide for allowance for impairment for potential defaults of credit terms and irrecoverability via a collective assessment. No collateral is held as security for any past due or impaired assets. Where evidence exists that a receivable is impaired, the Group and the Company will recognise the impairment loss in the Income Statement. The total amount of impairment loss recognised in respect of insurance receivables at 31 December 2019 amounted to RM5,411,746 (2018: RM14,784,457) as disclosed in Note 9.

(b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Uncertainty in accounting estimates for general insurance business

The principal uncertainty in the Group and the Company's general insurance business arises from the technical provisions which include the provisions of premium and claim liabilities as described in Note 2.4(o)(ii),(iii) and (iv). The premium liabilities comprise the higher of UPR or URR while claim liabilities comprise outstanding claims case estimates, IBNER and IBNR claims.

Generally, claim liabilities are determined based upon previous claims experience, existing knowledge of events, the terms and conditions of the relevant policies and interpretation of circumstances. Particularly relevant is all past experiences with similar cases, historical claims development trends, legislative changes, judicial decisions and economic conditions. It is certain that actual future premium and claim liabilities will not exactly develop as projected and may vary from the Group and the Company's projections. The estimates of premium and claim liabilities are therefore sensitive to various factors and uncertainties.

The establishment of technical provisions is an inherently uncertain process and, as a consequence of this uncertainty, the eventual settlement of premium and claim liabilities may vary from the initial estimates. There may be significant reporting lags between the occurrence of an insured event and the time it is actually reported to the Group and the Company. Following the identification and notification of an insured loss, there may still be uncertainty as to the magnitude of the claim.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.5 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D.)

(b) Key sources of estimation uncertainty (Cont'd.)

(i) Uncertainty in accounting estimates for general insurance business (Cont'd.)

There are many factors that will determine the level of uncertainty such as inflation, inconsistent judicial interpretations, legislative changes and claims handling procedures.

At each reporting date, the estimates assessed for adequacy by an Appointed Actuary and changes will be reflected as adjustments to these liabilities. The appointment of the Actuary is approved by BNM.

The establishment of technical provisions is an inherently uncertain process and, as a consequence of this uncertainty, the eventual settlement of premium and claim liabilities may vary from the initial estimates. There may be significant reporting lags between the occurrence of an insured event and the time it is actually reported to the Group and the Company. Following the identification and notification of an insured loss, there may still be uncertainty as to the magnitude of the claim. There are many factors that will determine the level of uncertainty such as inflation, inconsistent judicial interpretations, legislative changes and claims handling procedures.

Note 28(b) provides sensitivity analysis of the effects of changes in key assumptions on the insurance contract liabilities of the Group and the Company including the consequential effects on profit or loss and equity.

(ii) Claim Liabilities - Case Estimates

For claims, reserve is made upon notification of a new claim where the potential liability will be assessed based on information available. Where little or no information is available, a "blind" reserve will be used. The blind reserves are based on class of business and are reviewed annually in line with RBC Framework issued by BNM. As and when more information becomes available regarding a claim, the reserve is updated accordingly.

(iii) Pipeline premium

For pipeline premium, an estimate is made of the expected unprocessed premium at the end of the reporting period. The pipeline premium is estimated by using the Company's average past two years trend of unprocessed premiums in relation to each financial year.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.5 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D.)

(b) Key sources of estimation uncertainty (Cont'd.)

(iii) Pipeline premium (Cont'd.)

Historical trends are further analysed by months, business lines and product type. Additional qualitative judgement is used to assess the extent to which past trends may not apply in future in order to arrive at the estimated pipeline premium that present the likely outcome from the range of possible outcomes, taking account of all the uncertainties involved.

Pipeline premiums recognised at 31 December 2019 amounted to approximately RM396,000 (2018: RM2,445,000).

2.6 STANDARDS ISSUED BUT NOT YET EFFECTIVE

Standards and Amendments to Standards that are issued but not yet effective

The standards and amendments/improvements to standards that are issued but not yet effective up to the date of issuance of the Group and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

Description

Amendments to MFRS3 Definition of a Business	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7 Interest Rate Benchmark Reform	1 January 2020
Amendments to MFRS 101, MFRS 108 Definition of Material	1 January 2020
MFRS 17 Insurance Contracts	1 January 2021
Amendments to MFRS 10 Consolidation Financial Statements and MFRS 128 Investment in Associate and Joint Ventures	To be announced by MASB

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

MFRS 17 Insurance Contracts

MFRS 17 will replace MFRS 4 insurance Contracts issued in 2005. MFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects.

The main features of the new accounting model for insurance contracts are, as follows:

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.6 STANDARDS ISSUED BUT NOT YET EFFECTIVE (CONT'D.)

MFRS 17 Insurance Contracts (Cont'd.)

- The measurement of the present value of future cash flows, incorporating an explicit risk adjustment, remeasured at every reporting period (the fulfilment cash flows);
- A Contractual Service Margin ("CSM") that is equal and opposite to any day one gain in the fulfilment cash flows of a group of contracts, representing the unearned profitability of the insurance contracts to be recognised in the Income Statement over the service period (i.e. coverage period);
- Certain changes in the expected present value of future cash flows are adjusted against the CSM and thereby recognised in the Income Statement over the remaining contractual service period;
- The effect of changes in discount rates will be reported in either profit or loss or other comprehensive income, determined by an accounting policy choice;
- The presentation of insurance revenue and insurance service expenses in the Income Statement will be based on the concept of services provided during the period;
- Amounts that the policyholders will always receive, regardless of whether an insured event happens (non-distinct investment components) are not presented in the Income Statement, but are recognised directly on the Statement of Financial Position.
- Insurance services results (earned revenue less incurred claims) are presented separately from the insurance finance income or expense; and
- Extensive disclosures to provide information on the recognised amounts from insurance contracts and the nature extent of risk arising from these contracts.

MFRS 17 is effective for annual periods beginning on or after 1 January 2021. The Group and the Company plan to adopt the new standard on the required effective date together with MFRS 9. A Project Steering Committee has been formed to oversee the implementation of MFRS 17. 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 liabilities of the Group and the Company and is likely to have a significant impact on results and total equity together with the Group and the Company's financial statements presentation and disclosures. The Group and the Company have completed its gap assessments and currently working closely with its consultant on the implementation phase.

3. PROPERTY AND EQUIPMENT

Group and Company	* Land and buildings RM'000	Furniture, fittings, office equipment and computers RM'000	Motor vehicles RM'000	Total RM'000
Cost				
At 1 January 2018	90,185	32,009	2,868	125,062
Additions	-	1,654	156	1,810
Disposals	-	(907)	(465)	(1,372)
Write-offs	-	(99)	-	(99)
At 31 December 2018	90,185	32,657	2,559	125,401
At 1 January 2019	90,185	32,657	2,559	125,401
Additions	-	1,273	-	1,273
Disposals	-	(53)	(266)	(319)
Write-offs	-	(282)	-	(282)
At 31 December 2019	90,185	33,595	2,293	126,073
Accumulated depreciation				
At 1 January 2018	5,739	17,159	1,161	24,059
Charge for the year	1,803	3,032	487	5,322
Disposals	-	(902)	(459)	(1,361)
Write-offs	-	(91)	-	(91)
At 31 December 2018	7,542	19,198	1,189	27,929
At 1 January 2019	7,542	19,198	1,189	27,929
Charge for the year	1,803	3,136	470	5,409
Disposals	-	(46)	(253)	(299)
Write-offs	-	(253)	-	(253)
At 31 December 2019	9,345	22,035	1,406	32,786
Net carrying amount				
At 31 December 2018	82,643	13,459	1,370	97,472
At 31 December 2019	80,840	11,560	887	93,287

3. PROPERTY AND EQUIPMENT (CONT'D.)

* Land and buildings	Freehold properties RM'000	Long-term leasehold properties RM'000	Total RM'000
Group and Company			
Cost			
At 1 January 2018/2019 and 31 December 2018/2019	86,265	3,920	90,185
Accumulated depreciation			
At 1 January 2018	4,990	749	5,739
Charge for the year	1,725	78	1,803
At 31 December 2018	6,715	827	7,542
At 1 January 2019	6,715	827	7,542
Charge for the year	1,725	78	1,803
At 31 December 2019	8,440	905	9,345
Net carrying amount			
At 31 December 2018	79,550	3,093	82,643
At 31 December 2019	77,825	3,015	80,840

4. INTANGIBLE ASSETS

Group and Company	Club membership RM'000	Computer software RM'000	Total RM'000
Cost			
At 1 January 2018	716	29,076	29,792
Additions	22	10,409	10,431
Disposals	-	(32)	(32)
At 31 December 2018	738	39,453	40,191
At 1 January 2019	738	39,453	40,191
Additions	-	3,731	3,731
Write-offs	-	(12)	(12)
At 31 December 2019	738	43,172	43,910
Accumulated amortisation			
At 1 January 2018	-	7,052	7,052
Charge for the year	-	3,912	3,912
Disposals	-	(32)	(32)
At 31 December 2018	-	10,932	10,932

4. INTANGIBLE ASSETS (CONT'D.)

Group and Company	Club membership RM'000	Computer software RM'000	Total RM'000
Accumulated amortisation			
At 1 January 2019	-	10,932	10,932
Charge for the year	-	4,949	4,949
Write-offs	-	(12)	(12)
At 31 December 2019	-	15,869	15,869
Net carrying amount			
At 31 December 2018	738	28,521	29,259
At 31 December 2019	738	27,303	28,041

5. INVESTMENT PROPERTIES

	2019 RM'000	2018 RM'000
Group and Company		
At 1 January	23,930	23,730
Fair value adjustment (Note 20)	-	200
At 31 December	23,930	23,930

Investment properties are stated at fair value in accordance with the policy described in Note 2.4(d) and has been determined based on valuations that reflect market conditions as at the reporting date using the comparison method. The Company revalued its investment properties based on independent valuations performed by an independent accredited valuer.

The fair value of investment properties are categorised under Level 3 of the fair value hierarchy as disclosed in Note 30.

The rental income and operating expenses in relation to the investment properties are as disclosed below:

	2019 RM'000	2018 RM'000
Rental income derived from investment properties	1,024	1,068
Direct operating expenses (including repairs and maintenance) generating rental income	(135)	(134)
Net income from investment properties (Note 18)	889	934

6. RIGHT-OF-USE ASSETS

Group and Company	Properties RM'000	Other equipment RM'000	Total RM'000 RM'000
At 1 January (Note 2.3(i))	1,377	64	1,441
Additions	441	-	441
Depreciation Expenses (Note 23)	(406)	(29)	(435)
At 31 December	<u>1,412</u>	<u>35</u>	<u>1,447</u>

The Company recognised right-of-use assets as at 1 January 2019 with no restatement of comparative information as described in Note 2.3(i).

Set out below are the carrying amounts of lease liabilities (included under Other Payables, Note 16) and the movements during the year:

Group and Company	2019 RM'000
At 1 January (Note 2.3(i))	1,354
Additions	399
Accretion of interest*	63
Lease interest paid	(63)
Payment of lease liabilities	(368)
At 31 December (Note 16)	<u>1,385</u>
Current	412
Non-Current	<u>973</u>
	<u>1,385</u>

* The Company used weighted average incremental rate at 4.79%.

The maturity analysis of lease liabilities (included in Other Payables) are disclosed in Note 29(b).

7. INVESTMENTS

	Group 2019 RM'000	Company 2019 RM'000	2018 RM'000
Malaysian Government Securities	40,342	-	4,971
Corporate Bonds	304,683	10,011	297,487
Equity Securities	71,981	71,981	82,699
Unit Trust Funds/Wholesale Funds	1,192,110	1,541,421	1,004,081
Deposits with financial institutions	53,339	53,339	80,627
	<u>1,662,455</u>	<u>1,676,752</u>	<u>1,469,865</u>

7. INVESTMENTS (CONT'D.)

The Group and the Company's investments are summarised by categories as follows:

	Group 2019 RM'000	Company 2019 RM'000	2018 RM'000
Financial assets at fair value through profit or loss ("FVTPL")	335,014	-	-
Held-to-maturity ("HTM") financial assets	10,011	10,011	10,015
Loans and receivables ("LAR")	53,339	53,339	80,627
Available-for-sale ("AFS") financial assets	1,264,091	1,613,402	1,379,223
	<u>1,662,455</u>	<u>1,676,752</u>	<u>1,469,865</u>

Management's assessment of the potential impact of adopting MFRS 9 is disclosed in Note 34.

(a) Financial assets at FVTPL

	Group 2019 RM'000	Company 2019 RM'000	2018 RM'000
Malaysian Government Securities	40,342	-	-
Corporate Bonds	294,672	-	-
	<u>335,014</u>	<u>-</u>	<u>-</u>

(b) HTM financial assets

	Group 2019 RM'000	Company 2019 RM'000	2018 RM'000
Amortised Cost			
Corporate Bonds	10,011	10,011	10,015
	<u>10,011</u>	<u>10,011</u>	<u>10,015</u>
Fair Value			
Corporate Bonds	10,138	10,138	9,875
	<u>10,138</u>	<u>10,138</u>	<u>9,875</u>

7. INVESTMENTS (CONT'D.)

(c) LAR

	Group 2019 RM'000	Company 2019 RM'000	2018 RM'000
Amortised Cost			
Deposits with licensed financial institutions:			
- Commercial Banks	<u>53,339</u>	<u>53,339</u>	<u>80,627</u>

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

(d) AFS financial assets

	Group 2019 RM'000	Company 2019 RM'000	2018 RM'000
Fair Value			
Equity Securities:			
- Quoted in Malaysia	71,863	71,863	82,581
Unit Trust Funds	1,192,110	1,541,421	1,004,081
Malaysian Government Securities	-	-	4,971
Corporate Bonds			
- Unquoted in Malaysia	<u>-</u>	<u>-</u>	<u>287,472</u>
	<u>1,263,973</u>	<u>1,613,284</u>	<u>1,379,105</u>
Cost			
Equity Securities:			
- Unquoted in Malaysia	118	118	118
	<u>1,264,091</u>	<u>1,613,402</u>	<u>1,379,223</u>

The unquoted equity securities are valued at cost less impairment. The fair value of these equity securities has not been disclosed because the fair value cannot be measured reliably as there is no comparable quoted equity instrument on which fair value may be determined.

Equity Securities quoted in Malaysia above have been stated after accumulated impairment losses of RM21,479,117 (2018: RM27,692,374).

7. INVESTMENTS (CONT'D.)

(e) Investment in subsidiaries

The principal activities of the wholesale unit trust funds are investments in fixed income securities. Details of the Company's investments in subsidiaries are as follows:

Established in Malaysia	Effective Direct Interests %
Nomura Ringgit Bond Fund 1 (control begins on 2 July 2019)	99.73%
Affin Hwang Income Fund 3 (control begins on 1 August 2019)*	99.99%

* Audited by a firm of chartered accountant other than Ernst & Young PLT.

The Company considers the non-controlling interests of the above subsidiaries to be immaterial. Consequently, the additional disclosures as required by MFRS 10 are not provided.

8. REINSURANCE ASSETS

	2019	2018
	RM'000	RM'000
Group and Company		
Reinsurance of insurance contracts		
Claims liabilities (Note 14)	296,426	247,245
Premium liabilities (Note 14)	48,967	53,376
	<u>345,393</u>	<u>300,621</u>

9. INSURANCE RECEIVABLES

	2019	2018
	RM'000	RM'000
Group and Company		
Due premiums including agents, brokers and co-insurers balances	94,548	111,530
Due from reinsurers and cedants	2,491	3,944
Due from related parties (Note 26)	3,551	3,782
	<u>100,590</u>	<u>119,256</u>
Allowance for impairment losses	(5,412)	(14,785)
	<u>95,178</u>	<u>104,471</u>

The carrying amounts of insurance receivables disclosed above approximate fair values at balance sheet date.

9. INSURANCE RECEIVABLES (CONT'D.)

Amount due from reinsurers and cedants that have been offset against amount due to the same counterparties are as follows:

	Gross carrying amount RM'000	Gross amounts offset in the Statement of Financial Position RM'000	Net amounts in the Statement of Financial Position RM'000
31 December 2019			
Premiums	14,282	(13,210)	1,072
Claims	7,065	(5,646)	1,419
	<u>21,347</u>	<u>(18,856)</u>	<u>2,491</u>
31 December 2018			
Premiums	25,275	(22,863)	2,412
Claims	12,162	(10,630)	1,532
	<u>37,437</u>	<u>(33,493)</u>	<u>3,944</u>

Receivables that are impaired

The movement of the allowance accounts used to record the impairment loss and the analysis of the Company's insurance receivables that are individually and collectively impaired at the reporting date are as follows:

Movement in allowance account	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 for impairment loss	(999)	(8,374)	(9,373)
Reversal of allowance for impairment losses	-	(2,125)	(2,125)
Bad debts written-off net of recovery	-	2,125	2,125
At 31 December 2019	<u>1,298</u>	<u>4,114</u>	<u>5,412</u>

Insurance receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

10. OTHER RECEIVABLES

	Group 2019 RM'000	Company 2019 RM'000	2018 RM'000
Other receivables and deposits	10,980	10,980	15,553
Share of other assets held under Malaysian Motor Insurance Pool ("MMIP") (net)*	42,800	42,800	47,029
Staff loans **	16	16	16
Interest income due and accrued	5,585	1,778	14,427
Due from related parties (Note 26)	1,098	1,098	2,598
	<u>60,479</u>	<u>56,672</u>	<u>79,623</u>

The carrying amounts of financial assets disclosed above approximate fair values at balance sheet date.

* As a participating member of MMIP, the Group and the Company share a proportion of the Pool's net assets/liabilities. At each reporting date, the Group and the Company account for its proportionate share of net assets, liabilities and performance of the Pool. The net assets held under MMIP represents the Group and the Company's proportionate share of the Pool's net assets, before insurance contract liabilities. The Group and the Company's proportionate share of the Pool's insurance contract liabilities is disclosed in Note 14.

The net assets held under MMIP of the Group and the Company also include cumulative net cash contributions paid to MMIP of RM20,359,477 (2018: RM25,359,477) after a refund from MMIP of RM5,000,000 (2018: RM3,500,000) in the current financial year.

** The staff loans are unsecured and interest-free.

11. DEFERRED TAX ASSETS/(LIABILITIES)

	Group 2019 RM'000	Company 2019 RM'000	2018 RM'000
At beginning of year	(436)	(436)	(6,698)
Recognised in AFS fair value reserve	(955)	(2,408)	3,508
Recognised in the income statement (Note 24)	4,142	4,142	2,754
At end of year	<u>2,751</u>	<u>1,298</u>	<u>(436)</u>
Presented after appropriate offsetting as follows:			
Deferred tax assets	18,094	18,094	12,610
Deferred tax liabilities	<u>(15,343)</u>	<u>(16,796)</u>	<u>(13,046)</u>
	<u>2,751</u>	<u>1,298</u>	<u>(436)</u>

11. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D.)

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

Group

Deferred tax assets

	Premium liabilities RM'000	Other provision RM'000	Provision for impairment of investments RM'000	Total RM'000
At 1 January 2019	(100)	6,064	6,646	12,610
Recognised in the income statement	404	6,571	(1,491)	5,484
At 31 December 2019	304	12,635	5,155	18,094

Deferred tax liabilities

	Others RM'000	Available- for-sale fair value reserve RM'000	Accelerated capital allowances RM'000	Total RM'000
At 1 January 2019	(394)	(6,302)	(6,350)	(13,046)
Recognised in AFS fair value reserve	-	(955)	-	(955)
Recognised in the income statement	(162)	-	(1,180)	(1,342)
At 31 December 2019	(556)	(7,257)	(7,530)	(15,343)

11. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D.)

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows: (Cont'd.)

Company

Deferred tax assets

	Premium liabilities RM'000	Other provision RM'000	Provision for impairment of investments RM'000	Total RM'000
At 1 January 2018	(330)	6,373	5,185	11,228
Recognised in the income statement	230	(309)	1,461	1,382
At 31 December 2018	(100)	6,064	6,646	12,610
At 1 January 2019	(100)	6,064	6,646	12,610
Recognised in the income statement	404	6,571	(1,491)	5,484
At 31 December 2019	304	12,635	5,155	18,094

Deferred tax liabilities

	Others RM'000	Available-for-sale fair value reserve RM'000	Accelerated capital allowances RM'000	Total RM'000
At 1 January 2018	(260)	(9,810)	(7,856)	(17,926)
Recognised in AFS fair value reserve	-	3,508	-	3,508
Recognised in the income statement	(134)	-	1,506	1,372
At 31 December 2018	(394)	(6,302)	(6,350)	(13,046)
At 1 January 2019	(394)	(6,302)	(6,350)	(13,046)
Recognised in AFS fair value reserve	-	(2,408)	-	(2,408)
Recognised in the income statement	(162)	-	(1,180)	(1,342)
At 31 December 2019	(556)	(8,710)	(7,530)	(16,796)

12. CASH AND CASH EQUIVALENTS

	Group 2019 RM'000	Company 2019 RM'000	2018 RM'000
Fixed and call deposits with licensed financial institutions *	142,565	131,943	91,903
Cash and bank balances	14,523	14,143	32,040
	<u>157,088</u>	<u>146,086</u>	<u>123,943</u>

* with original maturity of less than three months

Fixed and call deposits were placed with:			
- Investment banks	2,565	2,565	12,614
- Commercial banks	140,000	129,378	79,289
	<u>142,565</u>	<u>131,943</u>	<u>91,903</u>

13. SHARE CAPITAL

	Number of ordinary shares		Amount	
Group and Company	2019 '000	2018 '000	2019 RM'000	2018 RM'000
Issued and fully paid:				
At beginning/end of year	<u>118,000</u>	<u>118,000</u>	<u>118,000</u>	<u>118,000</u>

14. INSURANCE CONTRACT LIABILITIES

Group and Company	Note	2019		2018	
		Gross RM'000	Reinsurance RM'000	Net RM'000	Net RM'000
Provision for claims reported by policyholders		622,957	(195,798)	427,159	521,493
Provision for IBNR		334,875	(100,628)	234,247	(167,211)
Claim liabilities	(a)	957,832	(296,426)	661,406	(80,034)
Premium liabilities	(b)	402,004	(48,967)	353,037	(247,245)
Insurance contract liabilities		1,359,836	(345,393)	1,014,443	(53,376)
				1,204,664	(300,621)
(a) Claim liabilities					
At 1 January		803,881	(247,245)	556,636	726,402
Claims incurred for the current accident year		631,415	(142,657)	488,758	(251,503)
Adjustment to claims incurred in prior accident years (direct & facultative)					(73,814)
Movement in MMIP claims liabilities		620,086	(139,217)	480,869	527,664
Claims incurred during the year		(5,665)	-	(5,665)	(5,330)
(treaty inwards claims)		28	-	28	(185)
Movement in Fund PRAD of claims liabilities at 75% confidence level		13,218	(3,440)	9,778	-
Movement in claims handling expenses		3,748	-	3,748	554
Claims paid during the year	22(a)	(477,464)	93,476	(383,988)	(212)
At 31 December		957,832	(296,426)	661,406	-
				(453,419)	78,072
				803,881	(247,245)
					556,636

The reinsurance assets is stated net of accumulated individual impairment losses of approximately of RM1,445,000 (2018: RM884,000).

14. INSURANCE CONTRACT LIABILITIES (CONT'D.)

Group and Company	Note	2019		2018	
		Gross RM'000	Reinsurance RM'000	Gross RM'000	Reinsurance RM'000
					Net RM'000
(b) Premium liabilities					
At 1 January					
Premiums written during the year	17	400,783	(53,376)	337,364	(30,049)
Premiums earned during the year	17	938,836	(160,882)	905,967	(156,354)
		(937,615)	165,291	(842,548)	133,027
At 31 December		402,004	(48,967)	400,783	(53,376)
					347,407

As at 31 December 2019, the insurance contract liabilities above includes the Group and the Company's proportionate share of MMIP's claim and premium liabilities amounting to RM31,811,814 (2018: RM37,476,500) and RM2,541,366 (2018: RM3,198,582) respectively.

15. INSURANCE PAYABLES

Group and Company	2019 RM'000	2018 RM'000
Amount due to agents, brokers, insureds and co-insurers	28,918	26,068
Amount due to reinsurers and ceding companies	32,978	44,902
Amount due to related parties (Note 26)	5,254	5,312
	<u>67,150</u>	<u>76,282</u>

The carrying amounts disclosed above approximate fair values at balance sheet date.

The Group and the Company's amount due to reinsurers and ceding companies that have been offset against amount due from the same counterparties are as follows:

	Gross carrying amount RM'000	Gross amounts offset in the Statement of Financial Position RM'000	Net amounts in the Statement of Financial Position RM'000
31 December 2019			
Premiums	64,553	(20,739)	43,814
Claims	4,092	(14,928)	(10,836)
	<u>68,645</u>	<u>(35,667)</u>	<u>32,978</u>
31 December 2018			
Premiums	244,188	(189,181)	55,007
Claims	131	(10,236)	(10,105)
	<u>244,319</u>	<u>(199,417)</u>	<u>44,902</u>

16. OTHER PAYABLES

	Group 2019 RM'000	Company 2019 RM'000	2018 RM'000
Accrued liabilities	68,135	68,135	52,108
Other payables	9,789	9,683	21,196
Lease liabilities (Note 6)	1,385	1,385	-
Cash collateral held behalf of insureds	4,346	4,346	4,705
Unallocated deposit	-	-	8,610
Amount due to related parties (Note 26)	15,345	15,345	7,078
	<u>99,000</u>	<u>98,894</u>	<u>93,697</u>

The carrying amounts of financial liabilities disclosed above approximate fair values at balance sheet date due to the relatively short-term maturity of these balances.

17. NET EARNED PREMIUMS

Group and Company	2019 RM'000	2018 RM'000
(a) Gross earned premiums (Note 14)		
General insurance contracts (Note 14)	938,836	905,967
Change in premium liabilities	(1,221)	(63,419)
	<u>937,615</u>	<u>842,548</u>
(b) Premiums ceded to reinsurers (Note 14)		
General reinsurance contracts (Note 14)	(160,882)	(156,354)
Change in premium liabilities	(4,409)	23,327
	<u>(165,291)</u>	<u>(133,027)</u>
Net Earned Premiums (Note 14)	<u>772,324</u>	<u>709,521</u>

18. INVESTMENT INCOME

	Group 2019 RM'000	Company 2019 RM'000	2018 RM'000
Net income from investment properties (Note 5)	889	889	934
Notional rental income	404	404	703
Interest income from HTM financial assets	395	395	768
Interest income from AFS financial assets	7,787	7,787	14,041
Interest income from FVTPL financial assets	5,834	-	-
FVTPL financial assets amortisation of premiums, net of accretion of discounts	(748)	-	-
HTM financial assets amortisation of premiums, net of accretion of discounts	(174)	(174)	(263)
Dividend/distribution income from AFS financial assets	47,551	49,097	41,859
LAR fixed and call deposits interest income	8,904	8,387	4,220
Other investment income, net of investment expenses	(51)	(342)	(1,067)
	<u>70,791</u>	<u>66,443</u>	<u>61,195</u>

19. REALISED GAINS OR LOSSES

	Group 2019 RM'000	Company 2019 RM'000	2018 RM'000
Property and equipment			
Realised gain	72	72	116
FVTPL Financial assets:			
Realised gains:			
Malaysian Government Securities	303	-	-
Corporate Bonds	84	-	-
AFS financial assets:			
Realised gains:			
Equity Securities	-	-	3,166
Unit Trust Funds	1,127	1,127	308
Malaysian Government Securities	512	512	28
Corporate Bonds	7,034	7,034	354
Realised losses:			
Malaysian Government Securities	-	-	(15)
Corporate Bonds	(7)	(7)	(141)
	<u>9,125</u>	<u>8,738</u>	<u>3,816</u>

20. FAIR VALUE GAINS/(LOSSES)

	Group 2019 RM'000	Company 2019 RM'000	2018 RM'000
Fair value adjustment on investment properties (Note 5)	-	-	200
Fair value adjustment for FVTPL financial assets	1,696	-	4,326
Impairment loss on AFS financial assets	(1,465)	(1,465)	(12,475)
	<u>231</u>	<u>(1,465)</u>	<u>(7,949)</u>

21. OTHER OPERATING INCOME

	Group 2019 RM'000	Company 2019 RM'000	2018 RM'000
Realised (loss)/gain on foreign exchange	(110)	(110)	24
Sundry income (net of expenses)	3,137	3,137	108
	<u>3,027</u>	<u>3,027</u>	<u>132</u>

22. NET CLAIMS INCURRED

Group and Company	Note	2019 RM'000	2018 RM'000
(a) Gross claims paid	14	(477,464)	(453,419)
(b) Claims ceded to reinsurers	14	93,476	78,072
(c) Gross change in contract liabilities		(153,951)	(77,479)
(d) Change in contract liabilities ceded to reinsurers		49,181	(4,258)
		<u>(488,758)</u>	<u>(457,084)</u>

23. MANAGEMENT EXPENSES

	Group 2019 RM'000	Company 2019 RM'000	2018 RM'000
Employee benefits expense (Note23(a))	77,775	77,775	70,583
Non-Executive Directors' fees and allowances (Note23(b)(iii))	1,117	1,117	622
Auditors' remuneration:			
- statutory audits	336	310	429
- regulatory related fees	48	48	48
- other services	6	6	6
Operating lease expense	-	-	853
Lease expense of low-value assets	424	424	-
Depreciation of property and equipment	5,409	5,409	5,322
Property and equipment written-off	29	29	8
Amortisation of intangible assets	4,949	4,949	3,912
(Write back)/allowance of impairment losses on insurance receivables	(9,373)	(9,373)	1,613
Bad debts written-off	2,125	2,125	8
Computer service charges	21,036	21,036	15,603
Depreciation of Right-of-use assets	435	435	-
Lease interest expenses	63	63	-
Advertisement and promotion	61,235	61,235	38,635
Other expenses	27,377	27,022	29,707
	<u>192,991</u>	<u>192,610</u>	<u>167,349</u>

23. MANAGEMENT EXPENSES (CONT'D.)

(a) Employee benefits expense

Group and Company	2019 RM'000	2018 RM'000
Wages, salaries and bonus	63,695	57,184
Social security contributions	628	607
Contributions to defined contribution plan, EPF	9,529	8,950
Other benefits	3,923	3,842
	<u>77,775</u>	<u>70,583</u>

Included above is remuneration paid to the Chief Executive Officer ("CEO") and Executive Director of RM1,562,333 (2018: RM1,968,487) as further disclosed in Note 23(b).

(b) Directors' fees and allowances

The details of remuneration received/receivable during the financial year as included in Note 23(a) are as follows:

Group and Company	2019 RM'000	2018 RM'000
(i) Chief Executive Officer		
Tan Sek Kee		
- Salaries	1,330	1,308
- Contribution to defined contribution plan, EPF	201	197
- Benefits-in-kind	31	31
	<u>1,562</u>	<u>1,536</u>
(ii) Executive Director		
Dato' Loh Lye Ngok (ceased as ED on 25 May 2018)		
- Salaries	-	355
- Contribution to defined contribution plan, EPF	-	53
- Benefits-in-kind	-	14
- Allowance	-	10
	<u>-</u>	<u>432</u>
Total remuneration for CEO and Executive Director	<u>1,562</u>	<u>1,968</u>

23. MANAGEMENT EXPENSES (CONT'D.)

(b) Directors' fees and allowances (Cont'd.)

	2019	2018
	RM'000	RM'000
(iii) Non-Executive Directors		
Directors' fees		
- Azhar Bin Mohamad	119	119
- Datuk Yong Bun Fou	85	85
- Ahmad Subri Bin Abdullah	85	85
- Tan Sri Dr. Ong Hong Peng	85	85
- Tan Chong Liong	81	81
- Dato' Loh Lye Ngok	486	-
	<u>941</u>	<u>455</u>
Meeting allowances		
- Azhar Bin Mohamad	29	31
- Datuk Yong Bun Fou	33	35
- Ahmad Subri Bin Abdullah	34	35
- Tan Sri Dr. Ong Hong Peng	33	36
- Tan Chong Liong	26	30
- Dato' Loh Lye Ngok	21	-
	<u>176</u>	<u>167</u>
Total fees and allowances for non-executive directors	<u>1,117</u>	<u>622</u>

24. INCOME TAX EXPENSE

	Group	Company	
	2019	2019	2018
	RM'000	RM'000	RM'000
Income tax:			
- Current income tax	19,196	19,196	14,541
- Under/(Over) provision in prior years	2,128	2,128	(1,675)
	<u>21,324</u>	<u>21,324</u>	<u>12,866</u>
Deferred tax (Note 11):			
- Relating to origination and reversal of temporary differences	(4,756)	(4,756)	(2,402)
- Under/(Over) provision in prior years	614	614	(352)
	<u>(4,142)</u>	<u>(4,142)</u>	<u>(2,754)</u>
Tax expense for the year	<u>17,182</u>	<u>17,182</u>	<u>10,112</u>

24. INCOME TAX EXPENSE (CONT'D.)

Current income tax is calculated at the Malaysian tax rate of 24% on the estimated assessable profit for the year.

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

	Group 2019 RM'000	Company 2019 RM'000	2018 RM'000
Profit before tax	100,777	94,727	70,532
Taxation at Malaysian statutory tax rate of 24%	22,734	22,734	16,928
Effect of income not subject to tax	(11,783)	(11,783)	(10,991)
Effect of expenses not deductible for tax purposes	3,489	3,489	6,240
Deferred tax recognised at different rate	-	-	(38)
Under/(over) provision of deferred tax in prior years	614	614	(352)
Under/(over) provision of income tax in prior years	2,128	2,128	(1,675)
Tax expense for the year	17,182	17,182	10,112

25. 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 2019	Company 2019	2018
Net profit for the year (RM'000)	83,595	77,545	60,420
Weighted average number of ordinary shares issue ('000)	118,000	118,000	118,000
Basic and diluted earnings per share (sen)	70.8	65.7	51.2

There were no potential dilutive effects on the ordinary shares during and at the end of the financial year. There have been no other transactions involving ordinary shares between the reporting date and the date of these financial statements.

26. RELATED PARTY DISCLOSURES

(a) Related parties

For the purposes of these financial statements, parties are considered to be related to the Group and the Company if the Group and the Company have 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 Group and the Company and the party are subjected to common control or common significant influence. Related parties may be individuals or other entities. Related parties also include all the Directors and other Key Management Personnel of the Group and the Company.

In the normal course of business, the Group and the Company undertake various transactions with subsidiary and associated companies of its ultimate holding company and other companies deemed related parties by virtue of common directors' shareholdings and a corporate shareholder's interest in its ultimate holding company. The transactions between the Group and the Company and its related parties were based on normal commercial terms and conditions and made on terms equivalent to those that prevail in arm's length transactions.

(b) Key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and the Company either directly or indirectly. The key management personnel of the Group and the Company include the Executive Director and Chief Executive Officer.

(c) Related party transactions and balances

The Group and the Company have the following significant related party transactions during the year and its balances at the end of the year are as follows:

	Company	
	2019	2018
	RM'000	RM'000
Wholesale unit trust funds:		
Distribution income	1,255	-

26. RELATED PARTY DISCLOSURES (CONT'D.)

(c) Related party transactions and balances (Cont'd.)

	Group/Company	
	2019	2018
	RM'000	RM'000
Related party transactions:		
(Expenses)/income:		
Penultimate Holding Company:		
- Sampo Japan Insurance Inc.		
Premium ceded	(22,547)	(23,010)
Commission received	6,238	6,132
Claims recoveries	9,481	9,203
Income	389	703
Expenses recoveries	2,781	3,693
Expenses	(5,077)	(23)
Holding Company:		
- Sampo Holdings (Asia) Pte. Ltd.		
(Formerly knowns as Sampo Japan Asia Holdings Pte. Ltd.)		
Premium received	14	57
Commission paid	(3)	(15)
Claims recoveries	90	19
Income	15	-
Expenses recoveries	248	337
Expenses	(7,522)	(7,137)
Other related companies:		
- Companies in which a controlling shareholder of the ultimate holding company has an interest		
Premium ceded	(8,582)	(9,973)
Commission received	2,768	3,132
Claims recoveries	7,323	1,894
Expenses	(15)	(9)
Corporate shareholder:		
- Berjaya Corporation Berhad and its related companies		
Gross premium income	16,007	25,089
Brokerage fee	(1,531)	(2,531)

26. RELATED PARTY DISCLOSURES (CONT'D.)

(c) Related party transactions and balances (Cont'd.)

	Group/Company	
	2019	2018
	RM'000	RM'000
Related party balances:		
Due to related companies:		
Penultimate Holding Company:		
- Sompo Japan Insurance Inc.	<u>(12,988)</u>	<u>(4,554)</u>
Holding Company:		
- Sompo Holdings (Asia) Pte. Ltd.	<u>(7,602)</u>	<u>(7,096)</u>
Other related companies:		
- Companies in which a controlling shareholder of the ultimate holding company has an interest	<u>(9)</u>	<u>(740)</u>
Due from related companies:		
Corporate shareholder:		
- Berjaya Corporation Berhad and its related companies	<u>3,494</u>	<u>3,735</u>
Penultimate Holding Company:		
- Sompo Japan Insurance Inc.	<u>1,060</u>	<u>1,935</u>
Holding Company:		
- Sompo Holdings (Asia) Pte. Ltd.	<u>48</u>	<u>663</u>
Other related companies:		
- Companies in which a controlling shareholder of the ultimate holding company has an interest	<u>47</u>	<u>47</u>

The above balances are included in Note 9 Insurance Receivables, Note 10 Other Receivables, Note 15 Insurance Payables and Note 16 Other Payables.

The balances with related companies above are both trade and non-trade in nature, and are unsecured, interest-free and repayable within normal commercial terms for trade balances and in the short-term for non-trade balances.

26. RELATED PARTY DISCLOSURES (CONT'D.)

(c) Related party transactions and balances (Cont'd.)

Compensation of key management personnel's

The remuneration of the Group and the Company's Executive Director and Chief Executive Officer during the financial year are as follows:

	2019	2018
	RM'000	RM'000
Short term employee benefits		
- Salaries, allowances and bonus	1,330	1,673
- Other remuneration	201	197
- Benefits-in-kind	31	45
	<u>1,562</u>	<u>1,915</u>

27. RISK MANAGEMENT FRAMEWORK

(a) Risk Management Framework and Policy

The Board is committed to the development of an effective Enterprise Risk Management Framework ("ERM") and Policy, with the aims of providing a consistent approach to risk and facilitating an accurate perception of acceptable risk by all employees. It forms an integral part of the Group and the Company's business strategic planning, performance agreement and general risk management culture. The ERM is established to provide guiding principles on risk management approach, risk governance structure, roles and responsibilities, methodology used for risk assessment, and risk monitoring and reporting.

Under the ERM, the Group and the Company adopt the three lines of defence approach, where the Business Units functions are the "first line of defence", while the risk control unit "second line of defence" rests on Risk Management and Compliance, providing an independent oversight to assist the Management in achieving its strategic plans and missions by implementing risk management and compliance activities across the organisation. Internal Audit functions as the "third line of defence", providing independent assurance that the risk management process is functioning as designed and identifies improvement opportunities through recommendation.

27. RISK MANAGEMENT FRAMEWORK (CONT'D.)

(b) Risk Governance Structure

The Board entrusts the RMC with the overall responsibility for overseeing the risk management activities of the Group and the Company to ensure an appropriate risk management process is in place and functioning effectively as well as to endorse appropriate risk management policies/frameworks and measurement methodologies across the organisation.

The RMC has a broad mandate to ensure the effective implementation of the objectives outlined in the ERM and compliance with them throughout the Group and the Company. The RMC is responsible for periodically reporting material risk exposures to the Board. The roles and responsibilities as well as the authorities of the RMC are set out in the Board approved Term of Reference ("TOR") for RMC.

RMWC has been established by RMC to serve as a medium between the RMC and the Management. This Committee will oversee the daily risk management activities of the Group and the Company to ensure that risk inherent in daily business activities is managed efficiently and effectively and will report regularly to the RMC on its recommendations and/or decisions.

In addition, the Board delegates to the RMWC the responsibility for ensuring effective implementation and maintenance of this ERM and that all personnel adhere to its mandates.

The detailed line accountability for risk management is reflected with the Group and the Company's Risk Governance structure. Accordingly, the approvals, responsibilities and accountabilities applicable to the identification, evaluation, management and reporting of the Group and the Company risks are attributed to the CEO, heads of various department and branches.

(c) Capital Management Plan

The objective of the Capital Management Plan ("CMP") is to optimise the efficient and effective use of resources in order to maximise the return on equity and provide an appropriate level of capital to protect the policyholders taking into consideration the events that can impact directly or indirectly on the operations and financial resilience of the Group and the Company whilst complying with the rules and regulations issued by relevant authorities.

27. RISK MANAGEMENT FRAMEWORK (CONT'D.)

(c) Capital Management Plan (cont'd)

The Group and the Company's capital management is driven by the business strategies and taking into consideration the impact of business and regulatory environment in which the Group and the Company operate in. To comply with the RBC Framework, the Company has also set an Internal Capital Adequacy Ratio which is above the minimum regulatory requirements.

(d) Internal Capital Adequacy Assessment Process ("ICAAP") Policy

The ICAAP Policy covers the activities of the Company which is regulated by BNM under the FSA 2013. The main objective of the ICAAP is to ensure the Company has sufficient capital to adequately fund day to day operations, adverse events and meet requirements as an on-going entity considering its risk profile and the ability to manage

(e) Stress Testing

Stress testing is a fundamental risk management tool in assessing the financial resilience of the Company under adverse yet plausible events. The stress test results together with the mitigating plans are tabled at least annually or from time to time as specified by BNM for the Board's deliberation.

28. INSURANCE RISK

Underwriting and insurance risk is the exposure to financial loss resulting from the selection and approval of risk to be insured, the adjudication of claims and the management of contractual and non-contractual cover.

The Group and the Company have instituted documented standards of risk selection, underwriting authorities, risk management engineering, pricing guidelines and risk accumulation limits. Reinsurance is placed to minimise certain insurance risks within approved limits and security. Claims approval and claims settlement authorities are clearly defined for prudent control on financial exposure. Regular underwriting and claims audits are performed by internal auditors to ensure strict compliance with the Group and the Company's guidelines and standards.

Group and Company

(a) Concentration of risks by class of business

General insurance business premiums by lines of business:

	2019			2018		
	Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000
Motor	458,069	(19,008)	439,061	420,981	(16,452)	404,529
Fire	234,060	(63,483)	170,577	215,448	(58,668)	156,780
Marine, Aviation & Transit	27,020	(11,475)	15,545	25,531	(10,945)	14,586
Miscellaneous	219,687	(66,916)	152,771	244,007	(70,289)	173,718
	<u>938,836</u>	<u>(160,882)</u>	<u>777,954</u>	<u>905,967</u>	<u>(156,354)</u>	<u>749,613</u>

28. INSURANCE RISK (CONT'D.)

(a) Concentration of risks by class of business (Cont'd.)

General Insurance Contract Liabilities by lines of business:

	2019			2018		
	Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000
Premium Liabilities						
Motor	254,245	(12,928)	241,317	244,653	(18,732)	225,921
Fire	47,353	(10,440)	36,913	50,954	(7,160)	43,794
Marine, Aviation & Transit	8,768	(4,926)	3,842	6,293	(3,132)	3,161
Miscellaneous	91,638	(20,673)	70,965	98,883	(24,352)	74,531
	402,004	(48,967)	353,037	400,783	(53,376)	347,407
Claims Liabilities						
Motor	508,952	(39,692)	469,260	445,072	(38,347)	406,725
Fire	117,741	(50,345)	67,396	87,590	(42,122)	45,468
Marine, Aviation & Transit	62,100	(51,557)	10,543	29,455	(20,229)	9,226
Miscellaneous	269,039	(154,832)	114,207	241,764	(146,547)	95,217
	957,832	(296,426)	661,406	803,881	(247,245)	556,636

28. INSURANCE RISK (CONT'D.)

(b) Sensitivity analysis

Key Assumptions

The principal assumptions underlying the estimation of liabilities is that the Group and the Company's future claims development will follow a similar pattern to past claims development experience. This includes key assumptions such as the adopted Ultimate Loss Ratios ("ULR"), risk margin percentages (i.e. Provision of Risk Margin for Adverse Deviation ("PRAD") and provision for claims handling costs.

Additional qualitative judgments are used to assess the extent to which past trends may not apply in the future, for example, isolated occurrences, changes in market factors such as public attitude to claiming, economic conditions, as well as internal factors, such as, portfolio mix, policy conditions and claims handling procedures. Judgment is further used to assess the extent to which external factors, such as judicial decisions and government legislation affect the estimates.

Sensitivities

The Appointed Actuary is engaged to run a sensitivity analysis of the liabilities and comparison of past valuation results. The method used in performing the sensitivity analysis has been updated for the financial year 2019 to better reflect the way valuation assumptions are set. The general insurance claim liabilities are sensitive to the key assumptions shown below. It has not been possible to quantify the sensitivity of certain assumptions, such as, legislative changes or uncertainty in the estimation process. Hence, the actuary has carried out the sensitivity analysis by testing the sensitivity of the key assumptions below.

As at 31 December 2019:

- Initial Expected Loss Ratio;
- Latest Incurred Development Factor;
- Latest Paid Development Factor;
- Indirect Claims Handling Expenses (CHE) Percentage; and
- Provision for Adverse Deviation (PAD) Percentage.

As at 31 December 2018:

- Average claim cost;
- Average number of claims; and
- Average claim settlement period.

28. INSURANCE RISK (CONT'D.)

(b) Sensitivity analysis (Cont'd.)

The analysis is performed for reasonably possible movements in key assumptions for the respective periods (i.e. a 5% increase (2018: 10% increase or 6 months increase)) with all other assumptions held constant, showing the impact on Gross and Net Liabilities, Profit before Tax and Equity. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non-linear.

Sensitivities (Cont'd.)

		Impact	Impact	Impact	
	Change in	on Gross	on Net	on Profit	* Impact
	assumptions	Liabilities	Liabilities	Before	on Equity
		RM'000	RM'000	Tax	RM'000
		<----- Increase/(Decrease) ----->			
31 December 2019					
Initial Expected Loss Ratio	+5%	21,364	17,370	(17,370)	(13,202)
Latest Incurred Development Factor	+5%	7,252	4,179	(4,179)	(3,176)
Latest Paid Development Factor	+5%	-	-	-	-
Indirect CHE %	+5%	N/A	763	(763)	(580)
PAD %	+5%	4,657	3,232	(3,232)	(2,456)
31 December 2018					
Average Claims Cost	+10%	57,378	41,739	(41,739)	(31,304)
Average Number of Claims	+10%	64,938	43,311	(43,311)	(32,484)
Average Claim Settlement Period	Increased by 6 months	5,658	3,759	(3,759)	(2,820)

** Impact on Equity reflects adjustments for tax, when applicable*

A change in the assumption in the opposite direction would result in an opposite but equivalent impact.

28. INSURANCE RISK (CONT'D.)

(c) Claims Development Table

The following tables show the estimate of ultimate incurred claims, for both reported and IBNR claims for each accident year at each reporting date, together with cumulative payments to-date.

In setting provisions for claims, the Group and the Company give consideration to the probability and magnitude of future experience being more adverse than assumed and exercises a degree of caution in setting reserves when there is considerable uncertainty. In general, the uncertainty associated with the ultimate claims experience in an accident year is greatest when the accident year is at an early stage of development; the margin to ensure adequacy of provisions is relatively high. As claims develop and the ultimate cost of claims becomes more certain, the margin decreases.

Claims development triangles have been re-created on a quarterly basis instead of annually beginning from the current financial year, with effect from 1 January 2017. The periods for accident years 2011 and prior have been revised to begin in January instead of to begin in May (which coincided with the Group and the Company's previous year-end 30 April). Hence the incurred loss data for accident years 2011 and prior have been omitted in these tables.

28. INSURANCE RISK (CONT'D.)

(c) Claims Development Table (Cont'd.)

Gross General Insurance Contract Liabilities for 2019 (RM '000)

Accident Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total
Ultimate Claims Incurred	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At end of accident year			295,219	338,905	390,854	600,496	504,739	580,792	567,720	691,810	
One year later			282,486	325,678	379,357	531,144	445,703	552,327	503,670	-	
Two years later			289,540	309,973	378,327	522,985	432,007	545,465	-	-	
Three years later			279,734	298,660	375,216	481,664	428,902	-	-	-	
Four years later			271,928	298,929	374,805	481,526	-	-	-	-	
Five years later			275,113	288,071	368,699	-	-	-	-	-	
Six years later		280,993	266,827	281,328	-	-	-	-	-	-	
Seven years later		280,224	265,977	-	-	-	-	-	-	-	
Eight years later	275,037	-	-	-	-	-	-	-	-	-	
Nine years later	290,123	-	-	-	-	-	-	-	-	-	
Current estimate of cumulative claims incurred	290,123	280,224	265,977	281,328	368,699	481,526	428,902	545,465	503,670	691,810	4,137,724
Cumulative Claims Paid											
At end of accident year	117,390	130,724	119,925	136,400	144,585	182,354	215,810	235,212	220,261	224,416	
One year later	217,683	236,200	215,423	232,463	256,421	420,405	352,578	401,295	361,939	-	
Two years later	243,286	264,552	250,897	254,181	327,972	467,097	376,463	469,279	-	-	
Three years later	257,386	273,622	259,519	266,728	340,876	443,668	386,778	-	-	-	
Four years later	260,314	275,971	263,357	271,026	344,916	448,499	-	-	-	-	
Five years later	262,020	277,681	264,607	265,315	346,670	-	-	-	-	-	
Six years later	263,024	278,095	260,696	265,038	-	-	-	-	-	-	
Seven years later	263,733	275,857	261,068	-	-	-	-	-	-	-	
Eight years later	263,282	276,299	-	-	-	-	-	-	-	-	
Nine years later	287,271	-	-	-	-	-	-	-	-	-	
Cumulative payments to date	287,271	276,299	261,068	265,038	346,670	448,499	386,778	469,279	361,939	224,416	3,327,257
Gross general insurance outstanding liabilities (direct and facultative inwards)											
Case Reserves for Accident Years Prior to 2010	2,852	3,925	4,909	16,290	22,029	33,027	42,124	76,186	141,731	467,394	810,467
Treaty Inwards											2,426
MMP claim liabilities											1,383
Best Estimate of Claim Liabilities											31,812
Claim Handling Expenses											846,088
Fund PRAD at 75% Confidence Interval											13,718
Gross general insurance contract liabilities (Note 14)											98,026
											957,832

* Please refer to Note 28 (c) for explanation.

28. INSURANCE RISK (CONT'D.)

(c) Claims Development Table (Cont'd.)

Gross General Insurance Contract Liabilities for 2018 (RM '000)

Accident Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Total
Ultimate Claims Incurred	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At end of accident year				295,219	338,905	390,854	600,496	504,739	580,792	567,720	
One year later				282,486	325,678	379,357	531,144	445,703	552,327		
Two years later				289,540	309,973	378,327	522,985	432,007			
Three years later				279,734	298,660	375,216	481,664				
Four years later				271,928	298,929	374,805					
Five years later				275,113	288,071						
Six years later				266,827							
Seven years later			280,993								
Eight years later		275,037									
Nine years later											
Current estimate of cumulative claims incurred	263,651	275,037	280,993	266,827	288,071	374,805	481,664	432,007	552,327	567,720	3,783,102
Cumulative Claims Paid											
At end of accident year											
One year later	107,105	117,390	130,724	119,925	136,400	144,585	182,354	215,810	235,212	220,261	
Two years later	206,360	217,683	236,200	215,423	232,463	256,421	420,405	352,578	401,295		
Three years later	237,136	243,286	264,552	250,897	254,181	327,972	467,097	376,463			
Four years later	250,583	257,386	273,622	259,519	266,728	340,876	443,668				
Five years later	256,065	260,314	275,971	263,357	271,026	344,916					
Six years later	257,612	262,020	277,681	264,607	265,315						
Seven years later	260,804	263,024	278,095	260,696							
Eight years later	261,961	263,733	275,857								
Nine years later	262,878	263,282									
Cumulative payments to date	262,123	263,282	275,857	260,696	265,315	344,916	443,668	376,463	401,295	220,261	3,113,876
Gross general insurance outstanding liabilities (direct and facultative inwards)											
Case Reserves for Accident Years Prior to 2009											
Treaty Inwards	1,528	11,755	5,136	6,131	22,756	29,889	37,996	55,544	151,032	347,459	669,226
MMIP claim liabilities											1,065
Best Estimate of Claim Liabilities											1,335
Claim Handling Expenses											37,477
Fund PRAD at 75% Confidence Interval											709,103
Gross general insurance contract liabilities (Note 14)											9,970
											84,808
											803,881

* Please refer to Note 28 (c) for explanation.

28. INSURANCE RISK (CONT'D.)

(c) Claims Development Table (Cont'd.)

Net General Insurance Contract Liabilities for 2019 (RM '000)

Accident Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total
Ultimate Claims Incurred	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At end of accident year											
One year later		250,321	267,467	305,055	364,968	418,060	449,265	479,024	533,003		
Two years later		236,815	252,739	291,453	342,568	383,558	423,221	429,207			
Three years later		234,789	240,713	275,397	335,878	379,902	420,088				
Four years later		228,884	235,173	270,563	333,517	380,123					
Five years later		224,663	235,892	270,008	334,394						
Six years later		224,784	235,532	269,161							
Seven years later		223,238	233,032								
Eight years later		243,810									
Nine years later		243,733									
Current estimate of cumulative claims incurred	238,001	243,733	222,208	233,032	269,161	334,394	380,123	420,088	429,207	533,003	3,302,950

Cumulative Claims Paid

At end of accident year	108,964	121,779	113,260	120,388	132,711	166,472	201,116	215,190	207,364	210,555	
One year later	199,154	209,982	190,747	199,109	221,752	276,416	316,592	336,578	328,183		
Two years later	218,861	232,006	209,161	215,797	243,209	302,396	340,989	369,598			
Three years later	230,649	238,351	216,285	222,501	250,341	311,761	350,325				
Four years later	233,251	240,259	219,386	225,875	252,528	315,591					
Five years later	234,585	241,153	220,349	226,541	254,482						
Six years later	235,267	241,629	220,686	226,857							
Seven years later	235,703	241,689	220,319								
Eight years later	235,789	242,123									
Nine years later	238,044										
Cumulative payments to date	238,044	242,123	220,319	226,857	254,482	315,591	350,325	369,598	328,183	210,555	2,756,077

Net general insurance outstanding liabilities (direct and facultative inwards)

Case Reserves for Accident Years Prior to 2010	-43	1,610	1,889	6,175	14,679	18,803	29,798	50,490	101,024	322,448	546,873
Treaty Inwards											1,389
MMIP claim liabilities											1,383
Best Estimate of Claim Liabilities											31,812
Claim Handling Expenses											581,457
Fund PRAD at 75% Confidence Interval											13,718
Additional provision											64,786
Net general insurance contract liabilities (Note 14)											1,445
											661,406

* Please refer to Note 28 (c) for explanation.

28. INSURANCE RISK (CONT'D.)

(c) Claims Development Table (Cont'd.)

Net General Insurance Contract Liabilities for 2018 (RM '000)

Accident Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Total
Ultimate Claims Incurred	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At end of accident year											
One year later				250,321	267,467	305,055	364,968	418,060	449,265	479,024	
Two years later				236,815	252,739	291,453	342,568	383,558	423,221		
Three years later				234,789	240,713	275,397	335,878	379,902			
Four years later				228,884	235,173	270,563	333,517				
Five years later				224,663	235,892	270,008					
Six years later				224,784	235,532						
Seven years later				223,238							
Eight years later			243,810								
Nine years later		236,450									
Current estimate of cumulative claims incurred	223,690	236,450	243,810	223,238	235,532	270,008	333,517	379,902	423,221	479,024	3,048,392
Cumulative Claims Paid											
At end of accident year	98,017	108,964	121,779	113,260	120,388	132,711	166,472	201,116	215,190	207,364	
One year later	176,578	199,154	209,982	190,747	199,109	221,752	276,416	316,592	336,578		
Two years later	202,492	218,861	232,006	209,161	215,797	243,209	302,396	340,989			
Three years later	214,317	230,649	238,351	216,285	222,501	250,341	311,761				
Four years later	219,099	233,251	240,259	219,386	225,875	252,528					
Five years later	220,444	234,585	241,153	220,349	226,541						
Six years later	221,830	235,267	241,629	220,686							
Seven years later	222,824	235,703	241,689								
Eight years later	223,291	235,789									
Nine years later	223,405										
Cumulative payments to date	223,405	235,789	241,689	220,686	226,541	252,528	311,761	340,989	336,578	207,364	2,597,330
Net general insurance outstanding liabilities (direct and facultative inwards)											
Case Reserves for Accident Years Prior to 2009	285	661	2,121	2,552	8,991	17,480	21,756	38,913	86,643	271,660	451,062
Treaty Inwards											900
MMIP claim liabilities											1,335
Best Estimate of Claim Liabilities											37,477
Claim Handling Expenses											490,774
Fund PRAD at 75% Confidence Interval											9,970
Additional provision											55,008
Net general insurance contract liabilities (Note 14)											884
											556,636

* Please refer to Note 28 (c) for explanation.

29. FINANCIAL RISKS

Financial risks are the risk of a possible future change in one or more of a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of price or rate, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.

(a) Credit Risk

Treaty reinsurers' and brokers' credit ratings are evaluated prior to entering into treaty arrangements. The Group and the Company observes the BNM Guidelines and internal Company policies in assessing the credit ratings of reinsurers and brokers.

The settlement risks are also mitigated through prompt reconciliations of records and recovery actions, avoiding at all times delays in collection from reinsurers and entering into commutations for run off reinsurers. The Group and the Company have tightened the credit collection and recovery policies to expedite collections. The Group and the Company are unable to avoid any deterioration in credit ratings of reinsurers after inception of treaties.

Credit exposure

At the reporting date, the Group and the Company's maximum exposure to credit risk is represented by the maximum amount of each class of financial assets recognised in the Statement of Financial Position.

The Group and the Company have no significant concentration of credit risk that may arise from exposures to a single debtor or groups of debtors.

29. FINANCIAL RISKS (CONT'D.)

(a) Credit Risk (Cont'd.)

Credit exposure by credit rating

The table below provides information regarding the credit risk exposures of the Group by classifying assets according to the credit ratings of counterparties.

Group	*AAA RM'000	*AA RM'000	*A RM'000	*BBB RM'000	Not Rated RM'000	Total RM'000
31 December 2019						
FVTPL financial assets						
Malaysian Government Securities	-	-	40,342	-	-	40,342
Corporate Bonds	66,218	219,359	4,887	-	4,208	294,672
HTM financial assets						
Corporate Bonds	10,011	-	-	-	-	10,011
LAR						
Fixed and call deposits	21,000	16,159	8,000	8,180	-	53,339
AFS financial assets						
Equity Securities	-	-	-	-	71,981	71,981
Unit Trust Funds	-	-	-	-	1,192,110	1,192,110
Reinsurance assets - claim liabilities	-	29,952	185,812	-	80,662	296,426
Insurance receivables **	-	-	64	-	95,114	95,178
Other receivables***	-	-	-	-	17,679	17,679
Cash and cash equivalents	84,784	26,030	6,020	40,187	67	157,088
	182,013	291,500	245,125	48,367	1,461,821	2,228,826

* Based on public ratings assigned by reputable rating agencies.

** There are no balances that are past due but not impaired as at year end.

*** Other receivables exclude the share of other assets held under Malaysian Motor Insurance Pool ("MMIP").

29. FINANCIAL RISKS (CONT'D.)

(a) Credit Risk (Cont'd.)

Credit exposure by credit rating (Cont'd.)

The table below provides information regarding the credit risk exposures of the Company by classifying assets according to the credit ratings of counterparties.

Company 31 December 2019	*AAA RM'000	*AA RM'000	*A RM'000	*BBB RM'000	Not Rated RM'000	Total RM'000
HTM financial assets						
Corporate Bonds	10,011	-	-	-	-	10,011
LAR						
Fixed and call deposits						
AFS financial assets	21,000	16,159	8,000	8,180	-	53,339
Equity Securities	-	-	-	-	71,981	71,981
Unit Trust Funds	-	-	-	-	1,541,421	1,541,421
Reinsurance assets - claims liabilities	-	29,952	185,812	-	80,662	296,426
Insurance receivables **	-	-	64	-	95,114	95,178
Other receivables***	-	-	-	-	13,872	13,872
Cash and cash equivalents	73,782	26,030	6,020	40,187	67	146,086
	104,793	72,141	199,896	48,367	1,803,117	2,228,314

* Based on public ratings assigned by reputable rating agencies.

** There are no balances that are past due but not impaired as at year end.

*** Other receivables exclude the share of other assets held under Malaysian Motor Insurance Pool ("MMIP").

29. FINANCIAL RISKS (CONT'D.)

(a) Credit Risk (Cont'd.)

Credit exposure by credit rating (Cont'd.)

The table below provides information regarding the credit risk exposures of the Company by classifying assets according to the credit ratings of counterparties.

Company 31 December 2018	*AAA RM'000	*AA RM'000	*A RM'000	*BBB RM'000	Not Rated RM'000	Total RM'000
HTM financial assets						
Corporate Bonds	10,015	-	-	-	-	10,015
LAR						-
Fixed and call deposits						
AFS financial assets	-	55,449	-	25,178	-	80,627
Equity Securities	-	-	-	-	82,699	82,699
Unit Trust Funds	-	-	-	-	1,004,081	1,004,081
Malaysian Government Securities					4,971	4,971
Corporate Bonds	33,605	241,883	4,994	-	6,990	287,472
Reinsurance assets - claims liabilities	-	-	199,147	-	48,098	247,245
Insurance receivables**	-	-	39	-	104,432	104,471
Other receivables***	-	-	-	-	32,594	32,594
Cash and cash equivalents	50,973	34,556	6,442	31,924	48	123,943
	94,593	331,888	210,622	57,102	1,283,913	1,978,118

* Based on public ratings assigned by reputable rating agencies.

** There are no balances that are past due but not impaired as at year end.

*** Other receivables exclude the share of other assets held under Malaysian Motor Insurance Pool ("MMIP").

29. FINANCIAL RISKS (CONT'D.)

(b) Liquidity Risk

Liquidity risk is the risk where the Group and the Company are unable to meet its obligations in a timely manner at a reasonable cost at any time. The Group and the Company maintain a large tranche of liquid asset instruments, primarily bank deposits and Malaysian Government Securities to ensure high liquidity.

Maturity Profiles

The following table summarises the maturity profile of the financial/insurance assets and liabilities of the Group and the Company which are based on remaining undiscounted contractual obligations, including interest payable and receivable.

For insurance contracts liabilities and reinsurance assets, maturity profiles are determined based on estimated timing of net cash outflows from the recognised insurance liabilities.

Premium liabilities and the reinsurers' share of the premium liabilities have been excluded from the analysis as these are not contractual obligations.

29. FINANCIAL RISKS (CONT'D.)

(b) Liquidity Risk (Cont'd.)

Maturity profiles (Cont'd.)

Group	Carrying value RM'000	Less than 1 year RM'000	1 - 5 years RM'000	Over 5 years RM'000	No maturity date RM'000	Total RM'000
31 December 2019						
Financial assets:						
FVTPL - Malaysian Government Securities	40,342	-	-	52,326	-	52,326
FVTPL - Corporate Bonds	294,672	8,914	127,029	225,759	-	361,702
HTM - Corporate Bonds	10,011	-	11,383	-	-	11,383
LAR - Deposits with licensed financial institutions	53,339	53,351	-	-	-	-
AFS - Equity Securities	71,981	-	-	-	71,981	53,351
AFS - Unit Trust Funds	1,192,110	-	-	-	1,192,110	71,981
Reinsurance assets - claim liabilities	296,426	173,399	101,825	21,202	-	1,192,110
Insurance receivables	95,178	95,178	-	-	-	296,426
Other receivables*	17,679	16,536	8	-	1,135	95,178
Cash and cash equivalents	157,088	142,580	-	-	14,523	17,679
Total Assets	2,228,826	489,958	240,245	299,287	1,279,749	2,309,239
Insurance contract liabilities:						
Claim liabilities	957,832	545,339	346,055	33,067	33,371	957,832
Insurance payables	67,150	67,150	-	-	-	67,150
Other payables (Note 6)	99,000	94,739	2,832	181	207	97,959
Total Liabilities	1,123,982	707,228	348,887	33,248	33,578	1,122,941

* Other receivables exclude the share of other assets held under Malaysian Motor Insurance Pool ("MMIP").

29. FINANCIAL RISKS (CONT'D.)

(b) Liquidity Risk (Cont'd.)

Maturity profiles (Cont'd.)

Company	Carrying value RM'000	Less than 1 year RM'000	1 - 5 years RM'000	Over 5 years RM'000	No maturity date RM'000	Total RM'000
31 December 2019						
Financial assets:						
HTM - Corporate Bonds	10,011	-	11,383	-	-	11,383
LAR - Deposits with licensed financial institutions	53,339	53,351	-	-	-	53,351
AFS - Equity Securities	71,981	-	-	-	71,981	71,981
AFS - Unit Trust Funds	1,541,421	-	-	-	1,541,421	1,541,421
Reinsurance assets - claim liabilities	296,426	173,399	101,825	21,202	-	296,426
Insurance receivables	95,178	95,178	-	-	-	95,178
Other receivables*	13,872	12,729	8	-	1,135	13,872
Cash and cash equivalents	146,086	131,954	-	-	14,143	146,097
Total Assets	2,228,314	466,611	113,216	21,202	1,628,680	2,229,709
Insurance contract liabilities:						
Claim liabilities	957,832	545,339	346,055	33,067	33,371	957,832
Insurance payables	67,150	67,150	-	-	-	67,150
Other payables (Note 6)	98,894	94,633	2,832	181	207	97,853
Total Liabilities	1,123,876	707,122	348,887	33,248	33,578	1,122,835

* Other receivables exclude the share of other assets held under Malaysian Motor Insurance Pool ("MMIP").

29. FINANCIAL RISKS (CONT'D.)

(b) Liquidity Risk (Cont'd.)

Maturity profiles (Cont'd.)

Company 31 December 2018	Carrying value RM'000	Less than 1 year RM'000	1 - 5 years RM'000	Over 5 years RM'000	No maturity date RM'000	Total RM'000
Financial assets:						
HTM - Corporate Bonds	10,015	-	11,723	-	-	11,723
LAR - Deposits with licensed financial institutions	80,627	81,449	-	-	-	81,449
AFS - Equity Securities	82,699	-	-	-	82,699	82,699
AFS - Corporate Bonds	287,472	40,636	111,298	204,813	-	356,747
AFS - Unit Trust Funds	1,004,081	-	-	-	1,004,081	1,004,081
AFS - Malaysian Government Securities	4,971	-	-	6,175	-	6,175
Reinsurance assets - claim liabilities	247,245	128,604	94,774	23,867	-	247,245
Insurance receivables	104,471	104,471	-	-	-	104,471
Other receivables*	32,594	31,269	3	-	1,322	32,594
Cash and cash equivalents	123,943	92,100	-	-	32,040	124,140
Total Assets	1,978,118	478,529	217,798	234,855	1,120,142	2,051,324
Insurance contract liabilities:						
Claim liabilities	803,881	469,582	299,398	34,901	-	803,881
Insurance payables	76,282	76,282	-	-	-	76,282
Other payables (Note 6)	93,697	81,017	3,042	1,028	8,610	93,697
Total Liabilities	973,860	626,881	302,440	35,929	8,610	973,860

* Other receivables exclude the share of other assets held under Malaysian Motor Insurance Pool ("MMIP").

29. FINANCIAL RISKS (CONT'D.)

(c) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. Market risk comprises three types of risk: foreign exchange rates (currency risk), market interest rates (interest rate risk) and market prices (price risk).

The Group and the Company's policies on asset allocation, portfolio mix structure have been set in line with the Group and the Company risk management policy after taking cognisance of the regulatory requirements in respect of maintenance of assets and solvency.

Compliance with the policies is monitored and reported to the Board and Investment Committee.

(d) Currency Risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group and the Company's primary transactions are carried out in Ringgit Malaysia (RM) and its exposure to currency risk arises principally with respect to US Dollar (USD) and Singapore Dollar (SGD).

As the Group and the Company business is conducted primarily in Malaysia, the Group and the Company financial assets and its insurance contract liabilities are also primarily maintained in Malaysia, and denominated in RM.

The Group and the Company main currency risk from recognised assets and liabilities arises from reinsurance transactions for which the balances are expected to be settled and realised in less than a year. Therefore, the impact arising from sensitivity analysis of foreign exchange rate movement is deemed minimal. The Group and the Company have no significant concentration of currency risk.

(e) Interest Rate Risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates/profit yield.

The Group and the Company are exposed to interest rate risk primarily through investment in fixed income securities. As the wholesale unit trust funds invest mainly in Corporate Debt Securities and Malaysian Government Securities, the net asset value ("NAV") of the funds reported by the Fund Managers would also be sensitive to interest rate movements. The Group and the Company invest in deposit placements with licensed financial institutions are not exposed to significant interest risk as thereon are fixed rate and short term, therefore, exposure to interest rate fluctuation is minimal.

29. FINANCIAL RISKS (CONT'D.)

(e) Interest Rate Risk (Cont'd.)

The impact of changes in interest rates to the fair value of investments held by the Group and the Company are shown in the following table.

Interest Rate/Profit yield rate	Impact on Profit after Tax/ net asset value	
	2019	
Group	RM'000	
% Change in profit yield		
+ 1%		(627)
- 1%		629
	Impact on equity*	
	2019	2018
Company	RM'000	RM'000
Change in variable		
Interest Rate +50bps	-	(66)
Interest Rate -50bps	-	66

** impact on equity reflects adjustments for tax, when applicable*

(f) Price Risk

Equity price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market price (other than those arising from interest rate or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer or factors affecting similar financial instruments traded in the market.

The Group and the Company's equity price risk exposure relates to financial assets and financial liabilities which will fluctuate in value as a result of changes in market prices.

The Group and the Company are exposed to equity price risk arising from investments held by the Group and the Company, comprising quoted equities and unit trusts.

The analysis below is performed for reasonably possible movements in equity price with all other variables held constant, showing the impact on equity.

29. FINANCIAL RISKS (CONT'D.)

(f) Price Risk (Cont'd.)

Market Indices (Impact on equity*)		Group 2019 RM'000	Company 2019 RM'000	2018 RM'000
		← Increase/(Decrease) →		
Change in variable				
Equity prices	+10%	7,186	7,186	8,258
Equity prices	-10%	(7,186)	(7,186)	(8,258)
NAV	+10%	119,211	154,142	100,408
NAV	-10%	(119,211)	(154,142)	(100,408)

** impact on equity reflects adjustments for tax, when applicable*

The method used for deriving sensitivity information and variables did not change from the previous year.

(g) Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. When controls fail to perform, operational risk can cause damage to reputation, have legal or regulatory implications or can lead to financial loss.

The Group and the Company cannot expect to eliminate all operational risks but mitigate them by establishing a control framework and by monitoring and responding to potential risks.

(h) Compliance Risk

Compliance risk is the potential for losses and legal penalties due to failure to comply with laws or regulations, code of conduct and standards of best practice.

The Group and the Company conduct regular reviews across various departments to ensure all business activities are complying with the regulatory and statutory requirements.

30. FAIR VALUE HIERARCHY

The following tables 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 market 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

30. FAIR VALUE HIERARCHY (CONT'D.)

The table below analyse assets carried at fair value and assets for which fair value is disclosed, according to their fair value hierarchy.

Group	Note	2019			
		Fair value measurement using:			Total
		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	RM'000
Assets for which fair values are disclosed:					
HTM - Corporate Bonds	7 (b)	-	10,138	-	10,138
		-	10,138	-	10,138
Assets measured at fair value on a recurring basis:					
Investment properties	5	-	-	23,930	23,930
FVTPL - Malaysian Government Securities	7 (a)	-	40,342	-	40,342
FVTPL - Corporate Bonds	7 (a)	-	294,672	-	294,672
AFS - Equity Securities	7 (d)	71,863	-	-	71,863
AFS - Unit Trust Funds	7 (d)	1,192,110	-	-	1,192,110
		1,263,973	335,014	23,930	1,622,917

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

The fair value of the investment properties are categorised as Level 3 and valuations were derived based on the methods disclosed in Note 2.4(g). The reconciliation from opening to closing balances for assets valued under Level 3 of the fair value hierarchy is provided in Note 5. The significant unobservable input is the floor area and the weighted average market value per square feet of the properties. The values of the unobservable input used was in the range of RM290 - RM2,500 (2018: RM290 - RM2,500) 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).

30. FAIR VALUE HIERARCHY (CONT'D.)

The table below analyse assets carried at fair value and assets for which fair value is disclosed, according to their fair value hierarchy.

Company	Note	2019				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 for which fair values are disclosed:									
HTM - Corporate Bonds	7 (b)	-	10,138	-	10,138	-	9,875	-	9,875
		-	10,138	-	10,138	-	9,875	-	9,875
Assets measured at fair value on a recurring basis:									
Investment properties	5	-	-	23,930	23,930	-	-	23,930	23,930
AFS - Equity Securities	7 (d)	71,863	-	-	71,863	82,581	-	-	82,581
AFS - Unit Trust Funds	7 (d)	1,541,421	-	-	1,541,421	1,004,081	-	-	1,004,081
AFS - Corporate Bonds	7 (d)	-	-	-	-	-	287,472	-	287,472
AFS - Malaysian Government Securities	7 (d)	-	-	-	-	-	4,971	-	4,971
		1,613,284	-	23,930	1,637,214	1,086,662	292,443	23,930	1,403,035

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

The fair value of the investment properties are categorised as Level 3 and valuations were derived based on the methods disclosed in Note 2.4(g). The reconciliation from opening to closing balances for assets valued under Level 3 of the fair value hierarchy is provided in Note 5. The significant unobservable input is the floor area and the weighted average market value per square feet of the properties. The values of the unobservable input used was in the range of RM290 - RM2,500 (2018: RM290 - RM2,500) 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).

31. REGULATORY CAPITAL REQUIREMENT

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

The total capital available of the Company as at 31 December 2019, as prescribed under the RBC Framework is provided below:

	Note	2019 RM'000	2018 RM'000
Eligible Tier 1 Capital			
Share capital (paid-up)	13	118,000	118,000
Retained earnings		790,601	713,056
		<u>908,601</u>	<u>831,056</u>
Tier 2 Capital			
AFS fair value reserve		<u>27,582</u>	<u>19,955</u>
Deductions			
Intangible assets	4	<u>(28,041)</u>	<u>(29,259)</u>
Total capital available		<u>908,142</u>	<u>821,752</u>

32. CAPITAL COMMITMENTS

	2019 RM'000	2018 RM'000
Capital Expenditure approved and contracted for:		
Property, plant and equipment	303	-
Intangible assets	19,536	12,075
	<u>19,839</u>	<u>12,075</u>

33. DEVELOPMENTS ON MYCC CASE

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 the Company 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 BNM and the Federation of Automobile Workshop Owners Association ("FAWOAM").

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

On 17 to 18 June 2019, hearing of the oral representations by RBB Economics, Counsel of PIAM and 12 Insurers took place. 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.

As at 31 December 2019, MyCC has not delivered any decision since the conclusion of the hearing of the oral representation on 18 June 2019. The Company will follow up closely with PIAM on the latest development and will take appropriate action to defend its position that the Company has not infringed Section 4(2)(a) of the Competition Act, 2010.

34. CLASSIFICATION AND MEASUREMENT IMPACT ON MFRS 9 FINANCIAL INSTRUMENTS

The Group and the Company have 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 Group and 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 Group and the Company have not adopted any version of MFRS 9 as of the date of this financial statements and the carrying amount of its liabilities arising from insurance contracts within MFRS 4 is significant. The Group and the Company have performed the assessment and concluded that they qualify for the temporary exemption from MFRS 9 under the Amendments to MFRS 4. The percentage of the total carrying amount of insurance contract liabilities within MFRS 4 is 93% (2018: 93%).

The following tables show the original measurement categories in accordance with MFRS 139 and measurement categories under MFRS 9 for the Group and Company's financial assets as at 31 December 2019 and 31 December 2018.

	Fair value as at 1 January 2019 RM'000	Change in fair value RM'000	Fair value as at 31 December 2019 RM'000	Results of the cash flow characteristics test	Classification and measurement under MFRS 9
As 31 December 2019					
Group					
Financial assets at FVTPL					
Malaysian Government					
Securities	-	40,342	40,342	SPPI	FVTPL
Corporate Bonds	-	294,672	294,672	SPPI	FVTPL
HTM financial assets					
Corporate Bonds	9,875	263	10,138	SPPI	AC
AFS financial assets					
Equity Securities					
- Quoted in Malaysia	82,581	(10,718)	71,863	Non-SPPI	FVTPL
- Unquoted	118	-	118	Non-SPPI	FVTPL
Unit Trust Funds	1,004,081	188,029	1,192,110	Non-SPPI	FVTPL
Malaysian Government					
Securities	4,971	(4,971)	-	SPPI	FVOCI

34. CLASSIFICATION AND MEASUREMENT IMPACT ON MFRS 9 FINANCIAL INSTRUMENTS
(CONT'D.)

	Fair value as at 1 January 2019 RM'000	Change in fair value RM'000	Fair value as at 31 December 2019 RM'000	Results of the cash flow characteristics test	Classification and measurement under MFRS 9
As 31 December 2019 (cont'd.)					
Group (cont'd.)					
Financial assets at FVTPL (cont'd.)					
Corporate Bonds	6,036	(6,036)	-	Non-SPPI	FVTPL
Corporate Bonds	281,436	(281,436)	-	SPPI	FVOCI
LAR					
Fixed and call deposits	80,627	(27,288)	53,339	SPPI	AC
Insurance receivables	104,471	(9,293)	95,178	SPPI	AC
Other receivables	79,623	(61,944)	17,679	SPPI	AC
Company					
HTM financial assets					
Corporate Bonds	9,875	263	10,138	SPPI	AC
AFS financial assets					
Equity Securities					
- Quoted in Malaysia	82,581	(10,718)	71,863	Non-SPPI	FVTPL
- Unquoted	118	-	118	Non-SPPI	FVTPL
Unit Trust Funds	1,004,081	537,340	1,541,421	Non-SPPI	FVTPL
Malaysian Government Securities	4,971	(4,971)	-	SPPI	FVOCI
Corporate Bonds	6,036	(6,036)	-	Non-SPPI	FVTPL
Corporate Bonds	281,436	(281,436)	-	SPPI	FVOCI
LAR					
Fixed and call deposits	80,627	(27,288)	53,339	SPPI	AC
Insurance receivables	104,471	(9,293)	95,178	SPPI	AC
Other receivables	79,623	(65,751)	13,872	SPPI	AC

34. CLASSIFICATION AND MEASUREMENT IMPACT ON MFRS 9 FINANCIAL INSTRUMENTS (CONT'D.)

	Fair value as at 1 January 2018 RM'000	Change in fair value RM'000	Fair value as at 31 December 2018 RM'000	Results of the cash flow characteristics test	Classification and measurement under MFRS 9
As 31 December 2018					
Financial assets at FVTPL					
Warrant	66	(66)	-	-	-
HTM financial assets					
Corporate Bonds	14,806	(4,931)	9,875	SPPI	AC
AFS financial assets					
Equity Securities					
- Quoted in Malaysia	114,762	(32,181)	82,581	Non-SPPI	FVTPL
- Quoted outside Malaysia	152	(152)	-	Non-SPPI	FVTPL
- Unquoted	118	-	118	Non-SPPI	FVTPL
Unit Trust Funds	911,408	92,673	1,004,081	Non-SPPI	FVTPL
Malaysian Government Securities	5,054	(83)	4,971	SPPI	FVOCI
Corporate Bonds	6,085	(49)	6,036	Non-SPPI	FVTPL
Corporate Bonds	281,323	113	281,436	SPPI	FVOCI
LAR					
Fixed and call deposits	18,807	61,820	80,627	SPPI	AC
Insurance receivables	93,554	10,917	104,471	SPPI	AC
Other receivables	64,925	14,698	79,623	SPPI	AC