

AmGENERAL INSURANCE BERHAD
(44191-P)
(Incorporated in Malaysia)

Interim Condensed Financial Statements
For The Period Ended 30 September 2019

Company No: 44191-P

**AmGENERAL INSURANCE BERHAD
(Incorporated in Malaysia)**

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AmGENERAL INSURANCE BERHAD
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INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2019

		Unaudited	Audited
		30.09.2019	31.03.2019
	Note	RM'000	RM'000
Assets			
Property and equipment		20,265	25,538
Right-of-use assets		24,822	-
Intangible assets		52,139	55,179
Investments	13	3,549,123	3,700,816
Reinsurance assets	14	331,863	464,859
Insurance receivables	15	51,798	60,693
Other receivables	16	108,146	106,016
Deferred tax assets		25,177	25,177
Cash and short-term deposits		147,703	247,595
Non-current asset held for sale	17	1,458	5,029
Total assets		4,312,494	4,690,902
Equity			
Share capital	18	1,061,000	1,061,000
Retained earnings		519,747	653,792
Total equity		1,580,747	1,714,792
Liabilities			
Insurance contract liabilities	19	2,350,935	2,527,051
Other liabilities		20,742	17,417
Insurance payables		46,889	166,260
Provision for taxation		15,117	3,488
Lease liabilities		25,935	-
Other payables		251,922	242,063
Provision for retirement benefits		20,207	19,831
Total liabilities		2,731,747	2,976,110
Total equity and liabilities		4,312,494	4,690,902

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

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INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 SEPTEMBER 2019

	Unaudited 01.04.2019 to 30.09.2019 RM'000	Unaudited 01.04.2018 to 30.09.2018 RM'000
Gross earned premiums	773,846	742,920
Earned premiums ceded to reinsurers	<u>(67,669)</u>	<u>(63,697)</u>
Net earned premiums	<u>706,177</u>	<u>679,223</u>
Investment income	85,465	82,436
Realised gains and losses	(754)	(571)
Fair value gains and losses	51,948	(245)
Fees and commission income	17,223	16,066
Other operating income	<u>2,697</u>	<u>1,793</u>
Other revenue	<u>156,579</u>	<u>99,479</u>
Gross benefits and claims paid	(510,301)	(452,328)
Claims ceded to reinsurers	65,033	42,073
Gross change in contract liabilities	171,403	76,808
Change in contract liabilities ceded to reinsurers	<u>(130,756)</u>	<u>(26,113)</u>
Net claims	<u>(404,621)</u>	<u>(359,560)</u>
Fees and commission expenses	(92,780)	(79,331)
Management expenses	(165,395)	(163,917)
Other operating expenses	(244)	(356)
Finance costs	<u>(567)</u>	<u>-</u>
Other expenses	<u>(258,986)</u>	<u>(243,604)</u>
Profit before taxation	199,149	175,538
Taxation	<u>(42,839)</u>	<u>(32,295)</u>
Net profit for the period	<u>156,310</u>	<u>143,243</u>
Net profit and total comprehensive income for the period	<u>156,310</u>	<u>143,243</u>
Earnings per share (sen)		
Basic	<u>26</u>	<u>24</u>
Diluted	<u>25</u>	<u>23</u>

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

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**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2019**

	<i><---- Non-distributable --></i>		<i>Distributable</i>	
	Share capital RM'000 (Note 18)	AFS fair value reserve RM'000	Retained earnings RM'000	Total equity RM'000
Unaudited				
At 31 March 2018 (as previously stated)	1,061,000	(2,338)	845,504	1,904,166
Effects of adoption of MFRS 9	-	2,338	(2,239)	99
At 1 April 2018 (as restated)	1,061,000	-	843,265	1,904,265
Net profit and total comprehensive income for the period	-	-	143,243	143,243
Redemption of RNCPS	-	-	(200,000)	(200,000)
Dividends on ordinary shares	-	-	(184,000)	(184,000)
Dividends on INCPS and RNCPS	-	-	(25,355)	(25,355)
Executive share scheme	-	-	(213)	(213)
At 30 September 2018	1,061,000	-	576,940	1,637,940
Unaudited				
At 31 March 2019	1,061,000	-	653,792	1,714,792
Net profit and total comprehensive income for the period	-	-	156,310	156,310
Redemption of RNCPS	-	-	(100,000)	(100,000)
Dividends on ordinary shares	-	-	(176,000)	(176,000)
Dividends on INCPS and RNCPS (Note 8)	-	-	(14,355)	(14,355)
At 30 September 2019	1,061,000	-	519,747	1,580,747

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

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INTERIM CONDENSED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2019

	Unaudited 01.04.2019 to 30.09.2019 RM'000	Unaudited 01.04.2018 to 30.09.2018 RM'000
Profit before taxation	199,149	175,538
Adjustments for non-operating and non-cash items	(118,742)	(63,101)
Operating profit before working capital changes	<u>80,407</u>	<u>112,437</u>
Changes in working capital:		
Net change in operating assets	398,760	484,413
Net change in operating liabilities	(250,493)	(135,811)
Income tax paid	(31,209)	(2,174)
Interest paid on lease liabilities	(568)	-
Net cash generated from operating activities	<u>116,490</u>	<u>346,428</u>
Net cash generated from/(used in) investing activities	85	(3,901)
Financing activities:		
Dividend paid on INCPS and RNCPS	(14,355)	(25,355)
RNCPS redemption	(100,000)	(200,000)
Dividend paid on ordinary shares	(176,000)	(184,000)
Payment of lease liabilities	(6,519)	-
Net cash used in financing activities	<u>(296,874)</u>	<u>(409,355)</u>
Net(decrease)/increase in cash and cash equivalents	(99,892)	45,609
Cash and cash equivalents at beginning of financial period	<u>247,595</u>	<u>183,294</u>
Cash and cash equivalents at end of financial period	<u>147,703</u>	<u>228,903</u>

For purposes of Statements of Cash Flows, Cash and cash equivalents comprise cash and bank balances and deposit and placements maturing within three months ("Cash and short-term deposits").

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office of the Company is located at 22nd Floor, Bangunan AmBank Group, No. 55 Jalan Raja Chulan, 50200 Kuala Lumpur.

The principal place of business of the Company is located at Menara Shell, No. 211 Jalan Tun Sambathan, 50470 Kuala Lumpur.

The immediate holding, penultimate holding and ultimate holding companies are AmGeneral Holdings Berhad, AMAB Holdings Sdn. Bhd. and AMMB Holdings Berhad ("AMMB"), respectively. All the aforesaid companies are incorporated and domiciled in Malaysia. The ultimate holding company, AMMB is listed on the Main Market of Bursa Malaysia Securities Berhad.

The Company is engaged principally in the underwriting of all classes of general insurance business. There have been no significant changes in the nature of the principal activity of the Company during the financial period.

2. BASIS OF PREPARATION

The interim condensed financial statements of the Company is unaudited and have been prepared in accordance with Malaysian Financial Reporting Standard ("MFRS") 134 - Interim Financial Reporting as issued by Malaysian Accounting Standard Board ("MASB") and International Accounting Standard ("IAS") 34 - Interim Financial Reporting as issued by the International Accounting Standard Board ("IASB") and the Financial Reporting Guidelines issued by Bank Negara Malaysia.

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

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

The interim condensed financial statements are presented in Ringgit Malaysia ("RM") and all values are recorded to the nearest thousand ("RM'000") except when otherwise indicated.

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3. SIGNIFICANT ACCOUNTING POLICIES

Amended Standards and Interpretations

The significant accounting policies and methods of computation applied in the preparation of the interim condensed financial statements are consistent with those adopted in the preparation of the Company's audited financial statements for the financial year ended 31 March 2019, except for the following:

MFRSs, Interpretations and amendments	Effective Date
MFRS 16 <i>Leases</i>	1 January 2019
IC Interpretation 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
Amendments to MFRS 128 <i>Investments in Associates and Joint Ventures - Long-term Interest in Associates and Joint Ventures</i>	1 January 2019
Amendments to MFRS 3 <i>Business Combinations (Annual Improvements to MFRS Standards 2015-2017 cycle)</i>	1 January 2019
Amendments to MFRS 9 <i>Financial Instruments - Prepayment Features with Negative Compensation</i>	1 January 2019
Amendments to MFRS 11 <i>Joint Arrangement (Annual Improvements to MFRS Standards 2015-2017 cycle)</i>	1 January 2019
Amendments to MFRS 112 <i>Income Taxes (Annual Improvements to MFRS Standards 2015-2017 cycle)</i>	1 January 2019
Amendments to MFRS 119 <i>Employee Benefits - Plan Amendment, Curtailment or Settlement</i>	1 January 2019
Amendments to MFRS 123 <i>Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 cycle)</i>	1 January 2019

The management expects that the adoption of the above did not have any significant effects on the interim condensed financial statements upon these initial application except as discussed below:

Changes in accounting policies

MFRS 16 Leases

MFRS 16 replaces MFRS 117 *Leases*, 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*.

Under MFRS 16, a lease is a contract (or part of a contract) that conveys the right to control the use of an identified asset for a period of time in exchange for a consideration. MFRS 16 introduces a single accounting model for a lessee and eliminates the classification of leases by the lessee as either finance leases (on balance sheet) or operating leases (off balance sheet).

The right-of-use asset is depreciated in accordance with the principle in MFRS 116 "Property, Plant and Equipment" and the lease liability is accreted over time with interest expense recognised in the income statement.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

MFRS 16 Leases (Cont'd.)

The Company adopted MFRS 16 with effect from 1 April 2019 using the modified retrospective approach, and measured the right-of-use asset retrospectively using a discount rate at the date of transition, with no restatement of comparative information.

The Company has applied the following practical expedients permitted by MFRS 16:

- apply a single discount rate to a portfolio of leases with similar characteristics;
- not to recognise right-of-use assets and lease liabilities for short term leases that have lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term;
- apply MFRS 16 to contracts that were previously identified as leases in accordance with MFRS 117 and IFRIC 4. The Company does not apply MFRS 16 to contracts previously identified as not containing leases in accordance with MFRS 117 and IFRIC 4;
- excluded initial direct costs from measuring the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

The adoption of MFRS 16 resulted in the following financial effects to the statement of financial position of the Company:

	31 March 2019	Effects on	01 April 2019
	RM'000	adoption of	RM'000
		MFRS 16	
		RM'000	
Assets			
Right-of-use assets	-	27,742	27,742
Liabilities			
Lease liabilities	-	27,742	27,742

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

MFRS 16 Leases (Cont'd.)

Disclosure on adoption of MFRS 16

	RM'000
Operating lease commitment at 31 March 2019 as disclosed in the Company's financial statements	<u>26,276</u>
Present value of operating lease commitment (discounted using borrowing rate)	25,218
Provision for restoration costs	2,524
Lease liabilities recognised at 1 April 2019	<u>27,742</u>

The impact of the application of MFRS 16 to the Income Statement for the period ended 30 September 2019 are shown as below:

	RM'000
ROU - Depreciation	7,577
Lease interest expense	<u>568</u>

4. COMMENTS ON SEASONALITY OR CYCLICALITY

The business and operations of the Company were not significantly affected by any seasonal or fluctuations during the interim period ended 30 September 2019.

5. UNUSUAL ITEMS

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the interim period ended 30 September 2019.

6. CHANGE IN ESTIMATES

There were no changes in the basis used for the accounting estimates for the interim period ended 30 September 2019.

7. DEBT AND EQUITY SECURITIES

There were no issuance and repurchase of debt and equity securities by the Company during the interim financial period ended 30 September 2019 except for the partial redemption of 10,000,000 RNCPS at the redemption price of RM10 per RNCPS out of the Company's retained earnings pursuant to Section 72 (4(a)) of the Company Act, 2016.

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8. DIVIDEND

In the current interim period ended 30 September 2019, the Company paid the following dividend in respect of the financial year ended 31 March 2019.

	RM'000
Ordinary Shares	
Final dividend on ordinary shares declared on 26 April 2019 and paid on 10 September 2019	176,000
Irredeemable non-cumulative convertible preference shares ("INCPS"):	
Dividend of 5.5% per INCPS on 6,100,000 INCPS based on issued price of RM10.00 each declared on 26 April 2019 and paid on 10 September 2019	3,355
Redeemable non-cumulative convertible preference shares ("RNCPS"):	
Dividend of 5.5% per RNCPS on 20,000,000 RNCPS based on issue price of RM10.00 each declared on 26 April 2019 and paid on 10 September 2019	11,000
	<hr/> <hr/> 190,355

9. MATERIAL EVENTS SUBSEQUENT TO THE END OF INTERIM PERIOD

There were no material events subsequent to the end of interim period.

10. EFFECT OF CHANGES IN THE COMPOSITION OF THE COMPANY

There were no changes in the composition of the Company during the interim period under review.

11. SIGNIFICANT EVENT

There were no significant event subsequent to the end of interim period other than as disclosed in Note 26.

12. CONTINGENT LIABILITIES

There were no contingent liabilities as at the date of this report since the last financial year ended 31 March 2019.

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13. INVESTMENTS

	Note	Unaudited 30.09.2019 RM'000	Audited 31.03.2019 RM'000
Equity securities		75,776	172,904
Unit and property trust funds		12,767	10,519
Loans		781	904
Fixed and call deposits		17,297	15,241
Collective investment schemes			
Investments in subsidiaries	13.4	3,250,687	3,342,522
Investments in others		191,815	158,726
		<u>3,442,502</u>	<u>3,501,248</u>
		<u>3,549,123</u>	<u>3,700,816</u>

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

	Note	Unaudited 30.09.2019 RM'000	Audited 31.03.2019 RM'000
Fair value through profit & loss ("FVTPL")	13.1	3,531,045	3,684,671
Amortised cost ("AC")	13.2	18,078	16,145
		<u>3,549,123</u>	<u>3,700,816</u>

13.1 FVTPL

	Unaudited 30.09.2019 RM'000	Audited 31.03.2019 RM'000
At fair value:		
Mandatory measured:		
Collective investment schemes - Quoted in Malaysia		
Investment in subsidiaries (Note 13.4)	3,250,687	3,342,522
Investment in others	191,815	158,726
Equity securities:		
Quoted in Malaysia	73,041	170,136
Unquoted in Malaysia	2,735	2,768
Unit and property trust funds:		
Quoted in Malaysia	12,767	10,519
	<u>3,531,045</u>	<u>3,684,671</u>

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13. INVESTMENTS (CONT'D.)

	Unaudited 30.09.2019 RM'000	Audited 31.03.2019 RM'000
13.2 AC		
Fixed and call deposits with licensed banks	17,297	15,241
Loans:		
Mortgage loans	788	795
Other loans	63	179
	851	974
Allowance for impairment losses	(70)	(70)
	781	904
	18,078	16,145

The carrying value of the fixed and call deposits with licensed banks approximates fair value due to the relatively short term maturities.

The carrying values of the commercial loans, mortgage loans and other loans are reasonable approximates of fair values due to the insignificant impact of discounting.

13.3 Carrying values of investments

	AC RM'000	FVTPL RM'000	TOTAL RM'000
Unaudited			
At 1 April 2019	16,145	3,684,671	3,700,816
Purchases	2,056	147,547	149,603
Dividend reinvestment	-	103,226	103,226
Maturities	(123)	-	(123)
Disposals	-	(455,124)	(455,124)
Realised losses recorded in income statement	-	(1,223)	(1,223)
Fair value losses recorded in income statement	-	51,948	51,948
At 30 September 2019	18,078	3,531,045	3,549,123

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13. INVESTMENTS (CONT'D.)
13.3 Carrying values of investments (cont'd.)

	AC RM'000	LAR RM'000	AFS RM'000	FVTPL RM'000	TOTAL RM'000
Audited					
At 1 April 2018	-	17,189	1,326,301	2,574,661	3,918,151
Effects of adoption of MFRS 9	17,189	(17,189)	(1,326,301)	1,327,611	1,310
At 1 April 2018 (Restated)	<u>17,189</u>	<u>-</u>	<u>-</u>	<u>3,902,272</u>	<u>3,919,461</u>
Purchases	-	-	-	444,263	444,263
Maturities	(1,044)	-	-	-	(1,044)
Disposals	-	-	-	(659,166)	(659,166)
Realised losses recorded in income statement	-	-	-	(12,031)	(12,031)
Fair value losses recorded in income statement	-	-	-	9,333	9,333
At 31 March 2019	<u>16,145</u>	<u>-</u>	<u>-</u>	<u>3,684,671</u>	<u>3,700,816</u>

13.4 Collective investment schemes - Investments in subsidiaries

	Unaudited 30.09.2019 RM'000	Audited 31.03.2019 RM'000
At fair value:		
FVTPL (Note 13.1)	<u>3,250,687</u>	<u>3,342,522</u>

Details of the Company's collective investment schemes - investments in subsidiaries in Malaysia are as follows:

Name of wholesale unit trust fund	Principal activities	% of ownership interest held by the Company	
		30.09.2019	31.03.2019
AmIncome Institutional 1	Investment in debt securities and money market	99.06%	99.87%
AmIncome Institutional 3	Investment in debt securities and money market	99.52%	99.94%
AmCash Plus	Investment in government related securities and money market	96.86%	96.86%

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14. REINSURANCE ASSETS

		Unaudited 30.09.2019	Audited 31.03.2019
	Note	RM'000	RM'000
Reinsurance assets on:			
Claims liabilities	19.1	283,420	414,176
Premium liabilities	19.2	51,082	53,322
		<u>334,502</u>	<u>467,498</u>
Allowance for impairment losses		<u>(2,639)</u>	<u>(2,639)</u>
		<u>331,863</u>	<u>464,859</u>

15. INSURANCE RECEIVABLES

		Unaudited 30.09.2019	Audited 31.03.2019
		RM'000	RM'000
Due premiums including agents, brokers and co-insurers balances		79,004	82,329
Due from reinsurers and cedants		2,240	11,342
		<u>81,244</u>	<u>93,671</u>
Allowance for impairment losses		<u>(29,446)</u>	<u>(32,978)</u>
		<u>51,798</u>	<u>60,693</u>

16. OTHER RECEIVABLES

		Unaudited 30.09.2019	Audited 31.03.2019
		RM'000	RM'000
Income due and accrued		13,935	12,109
Malaysian Institute of Insurance ("MII") bonds		400	400
Share of net assets held under Malaysian Motor Insurance Pool ("MMIP")		53,292	51,821
Amounts owing by ultimate holding, holding and other related companies *		2,249	1,338
Reinsurance deposits		535	1,224
Sundry receivables		20,465	17,806
Amount receivable on disposal of properties		-	528
Amount due from brokers		17,666	21,169
		<u>108,542</u>	<u>106,395</u>
Allowance for impairment losses		<u>(396)</u>	<u>(379)</u>
		<u>108,146</u>	<u>106,016</u>

* The amounts owing by ultimate holding, holding and other related companies are unsecured, interest free and repayable on demand.

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17. NON-CURRENT ASSET HELD FOR SALE

	Note	Unaudited 30.09.2019 RM'000	Audited 31.03.2019 RM'000
At 1 April 2019/2018		5,029	1,599
Transferred from property and equipment	(i)	1,458	
Disposal	(ii)	(5,029)	(1,599)
Transferred from investment properties		-	5,029
At 30 September 2019/31 March 2019		<u>1,458</u>	<u>5,029</u>

During the financial period, the Company:

- (i) entered into a Sale and Purchase Agreements for disposal of a property. The disposal has yet to be completed as at the date of this report.
- (ii) completed the disposals of property held for sale for a total cash consideration of RM5,612,000, recognising a gain thereon of RM404,909 (net of transactions costs of RM178,462.00).

18. SHARE CAPITAL

	<-----No. of shares ----->		<-----Amount ----->	
	Unaudited 30.09.2019 ('000)	Audited 31.03.2019 ('000)	Unaudited 30.09.2019 RM'000	Audited 31.03.2019 RM'000
Ordinary shares (a)	600,000	600,000	800,000	600,000
Share capital arising from redemption RNCPS			100,000	200,000
INCPS (b)	6,100	6,100	61,000	61,000
RNCPS (c)	10,000	20,000	100,000	200,000
	<u>616,100</u>	<u>626,100</u>	<u>1,061,000</u>	<u>1,061,000</u>

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18. SHARE CAPITAL (CONT'D.)

(a) Ordinary shares

	Unaudited <-----30.09.2019----->		Audited <-----31.03.2019----->	
	No. of shares ('000)	Amount RM'000	No. of shares ('000)	Amount RM'000
Issued and paid-up:				
At 1 April 2019/2018	600,000	800,000	600,000	600,000
Arising from redemption RNCPS pursuant to section 72 (4(a)) of the Companies Act, 2016	-	100,000	-	200,000
At 30 September 2019/ 31 March 2019	<u>600,000</u>	<u>900,000</u>	<u>600,000</u>	<u>800,000</u>

(b) INCPS

	Unaudited <-----30.09.2019----->		Audited <-----31.03.2019----->	
	No. of shares ('000)	Amount RM'000	No. of shares ('000)	Amount RM'000
Issued and paid-up:				
At beginning and end of period/year	<u>6,100</u>	<u>61,000</u>	<u>6,100</u>	<u>61,000</u>

The salient features of the INCPS issued by the Company are as follows:

- (i) Subject always to the prior approval of BNM and the discretion of the Board, the INCPS confer on the holders the right to a non-cumulative preferential dividend calculated at 5.5% per annum each year to be declared and paid within six months from the end of each financial year, calculated based on the issue price of the INCPS, in priority to any other classes of shares to the extent that there are profits available for the distribution and compliance with the capital adequacy requirements as stipulated by BNM.
- (ii) The INCPS holders are entitled at any time to convert all or any of the INCPS held to ordinary shares in the Company, pari passu as between themselves, on the basis of one (1) INCPS for one (1) new ordinary share.
- (iii) The INCPS shall not be transferable (in whole or in part) and shall not be redeemed by the Company.

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18. SHARE CAPITAL (CONT'D.)

(c) RNCPS

	Unaudited ←-----30.09.2019----->		Audited ←-----31.03.2019----->	
	No. of shares ('000)	Amount RM'000	No. of shares ('000)	Amount RM'000
Issued and paid-up: At 1 April 2019/2018	20,000	200,000	40,000	400,000
Redemption during the period	<u>(10,000)</u>	<u>(100,000)</u>	<u>(20,000)</u>	<u>(200,000)</u>
At 30 September 2019 / 31 March 2019	<u>10,000</u>	<u>100,000</u>	<u>20,000</u>	<u>200,000</u>

On 10 September 2019, the Company redeemed 10,000,000 (2018: 20,000,000) RNCPS for the total redemption sum of RM100,000,000 (2018: RM200,000,000) at the issue price of RM10.00 (2018: RM10.00) each.

The salient features of the RNCPS issued by the Company are as follows:

- (i) Subject always to the prior approval of BNM and the discretion of the Board, the RNCPS confer on the holders the right to a non-cumulative preferential dividend calculated at 5.5% per annum each year to be declared and paid within six months from the end of each financial year, calculated based on the issue price of the RNCPS, in priority to any other classes of shares to the extent that there are profits available for the distribution and compliance with the capital adequacy requirements as stipulated by BNM.
- (ii) The RNCPS holders are entitled at any time to convert all or any of the RNCPS held to ordinary shares in the Company, pari passu as between themselves, on the basis of one (1) RNCPS for one (1) new ordinary share.
- (iii) The RNCPS shall not be transferable (in whole or in part). Subject to the prior approval of BNM and the Companies Act, 2016 in Malaysia, the RNCPS may at the sole discretion of the Company be redeemed at a redemption price which is equal to the issue price at which the relevant RNCPS have been issued. It should be redeemed upon and subject to the terms hereunder, provided that the Company shall not redeem any RNCPS during the first five years of the issue of the RNCPS.

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19. INSURANCE CONTRACT LIABILITIES

	Note	Unaudited ←-----30.09.2019----->			Audited ←-----31.03.2019----->		
		Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000
Provision for claims reported by policyholders		881,949	(165,558)	716,391	951,630	(266,467)	685,163
Provision for incurred but not reported claims ("IBNR")		644,681	(95,002)	549,679	729,406	(115,627)	613,779
Provision for fund provision of risk margin for adverse deviation ("FRAD")		127,758	(22,860)	104,898	144,755	(32,082)	112,673
Claims liabilities	19.1	1,654,388	(283,420)	1,370,968	1,825,791	(414,176)	1,411,615
Less : Impairment loss on reinsurance assets		-	2,639	2,639	-	2,639	2,639
		1,654,388	(280,781)	1,373,607	1,825,791	(411,537)	1,414,254
Premium liabilities	19.2	696,547	(51,082)	645,465	701,260	(53,322)	647,938
		2,350,935	(331,863)	2,019,072	2,527,051	(464,859)	2,062,192

As at 30 September 2019, the insurance contract liabilities above included the Company's share of MMIP's claims and premium liabilities amounting to RM31.9 million (As at 31 March 2019: RM35.2 million) and RM2.6 million (As at 31 March 2019: RM2.6 million), respectively.

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19. INSURANCE CONTRACT LIABILITIES (CONT'D.)

19.1 Claim liabilities

	Unaudited			Audited		
	←-----30.09.2019----->			←-----31.03.2019----->		
	Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000
At 1 April 2019/2018	1,825,791	(414,176)	1,411,615	1,903,458	(425,576)	1,477,882
Claims incurred in the current accident period (direct and facultative)	553,818	(52,276)	501,542	1,150,178	(146,618)	1,003,560
Adjustment to claims incurred in prior accident period (direct and facultative)	(212,601)	117,999	(94,602)	(296,014)	81,303	(214,711)
Claims incurred during the period/year (treaty inwards claims)	(2,319)	-	(2,319)	2,733	-	2,733
Claims paid during the period/year	(510,301)	65,033	(445,268)	(934,564)	76,715	(857,849)
At 30 September 2019/31 March 2019	1,654,388	(283,420)	1,370,968	1,825,791	(414,176)	1,411,615

19.2 Premium liabilities

	Unaudited			Audited		
	←-----30.09.2019----->			←-----31.03.2019----->		
	Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000
At 1 April 2019/2018	701,260	(53,322)	647,938	679,015	(52,058)	626,957
Premiums written during the period/year	769,133	(65,429)	703,704	1,526,544	(130,782)	1,395,762
Premiums earned during the period/year	(773,846)	67,669	(706,177)	(1,504,299)	129,518	(1,374,781)
At 30 September 2019/31 March 2019	696,547	(51,082)	645,465	701,260	(53,322)	647,938

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20. OPERATING LEASE ARRANGEMENTS

20.1 The Company as lessee

The Company has entered into lease agreements for rental of office premises. The future aggregate minimum lease payments under operating lease contracted for as at the reporting date but not recognised as liabilities, are as follows:

	Unaudited 30.09.2019 RM'000	Audited 31.03.2019 RM'000
Not later than 1 year	13,392	12,091
Later than 1 year and not later than 5 years	<u>12,215</u>	<u>14,185</u>
	<u>25,607</u>	<u>26,276</u>

The future aggregate minimum lease payable disclosed above include the renewable lease arrangement with AmMetLife Insurance Berhad.

20.2 The Company as lessor

The future aggregate minimum lease receivables under the operating lease contracted for as at the reporting date but not recognised as assets, are as follows:

	Unaudited 30.09.2019 RM'000	Audited 31.03.2019 RM'000
Not later than 1 year	118	161
Later than 1 year and not later than 5 years	<u>-</u>	<u>40</u>
	<u>118</u>	<u>201</u>

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21. CAPITAL COMMITMENTS

	Unaudited 30.09.2019 RM'000	Audited 31.03.2019 RM'000
Capital expenditure:		
Approved and contracted for:		
Renovation, furniture and fitting and office equipment	137	160
Computer hardware and software	8,962	8,506
	<u>9,099</u>	<u>8,666</u>

22. RELATED PARTY DISCLOSURES

The Company had the following balances with related parties are as follows:

	Unaudited 30.09.2019 RM'000	Audited 31.03.2019 RM'000
Included in insurance receivables:		
Due from agents, brokers and co-insurers:		
AmBank (M) Berhad	13,853	12,132
AmCard Services Berhad	286	-
AmInvestment Bank Berhad	-	106
AON Insurance Brokers (Malaysia) Sdn Bhd	2,830	2,172
	<u>16,969</u>	<u>14,410</u>
Included in amount owing by ultimate holding, holding and other related companies:		
AmMetLife Insurance Berhad	7	7
Insurance Australia Limited	2,280	1,331
	<u>2,287</u>	<u>1,338</u>

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22. RELATED PARTY DISCLOSURES (CONT'D.)

The Company had the following balances with related parties are as follows (Cont'd.):

	Unaudited 30.09.2019 RM'000	Audited 31.03.2019 RM'000
Included in income due and accrued:		
AmBank (M) Berhad	5,684	2
AmIncome Institutional 1	4,088	3,468
AmIncome Institutional 3	8,664	7,556
AmCash Plus	588	482
	<u>19,024</u>	<u>11,508</u>
Included in cash and short-term deposits :		
AmBank (M) Berhad	<u>47,400</u>	<u>55,443</u>
Included in insurance payables:		
Due to agents, brokers and co-insurers:		
AmBank (M) Berhad	3,362	3,353
AmCard Services Berhad	-	81
AmInvestment Bank Berhad	162	127
AON Insurance Brokers (Malaysia) Sdn Bhd	881	904
	<u>4,405</u>	<u>4,465</u>
Included in amount owing to other related companies:		
AmBank (M) Berhad	<u>32,586</u>	<u>7,230</u>
Included in accrued expenses and deposits:		
AmBank (M) Berhad	6,831	6,561
Insurance Australia Limited	4,132	3,515
AmMetLife Insurance Berhad	-	13
	<u>10,963</u>	<u>10,089</u>

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22. RELATED PARTY DISCLOSURES (CONT'D.)

The significant transactions of the Company with related parties during the financial period are as follows:

	Income/(Expenses)	
	Unaudited	Unaudited
	01.04.2019	01.04.2018
	to	to
	30.09.2019	30.09.2018
	RM'000	RM'000
Interest and dividend income from:		
AmBank (M) Berhad	260	865
AmIncome Institutional 1	24,287	20,307
AmIncome Institutional 3	49,356	46,798
AmInvestment Bank Berhad	728	-
AmCash Plus	3,997	4,226
	<u>78,628</u>	<u>72,196</u>
Commission income from:		
IAG Re Labuan (L) Berhad	<u>4,947</u>	<u>4,561</u>
Gross premium income from:		
AmBank (M) Berhad	1,425	2,286
AMMB Holdings Berhad	467	447
AmMetLife Insurance Berhad	48	97
AmInvestment Bank Berhad	(20)	19
AmBank Islamic Berhad	39	39
AmCorp Properties Berhad	11	43
AmMetLife Takaful Berhad	3	4
AmCorp Energy Services Sdn Bhd	1	1
AmCorp Perting Hydro Sdn Bhd	9	-
	<u>1,983</u>	<u>2,936</u>
Commission expenses to:		
AmBank (M) Berhad	(6,947)	(6,611)
AmInvestment Bank Berhad	(3)	(11)
AmCard Services Berhad	-	12
AON Insurance Brokers (Malaysia) Sdn Bhd	(2,044)	(1,240)
	<u>(8,994)</u>	<u>(7,850)</u>
Administration and operating expenses to:		
AmBank (M) Berhad	(9,952)	(10,357)
AmFunds Management Bhd	(180)	(355)
AmMetLife Insurance Berhad	(2,198)	(1,917)
IERP Sdn. Bhd.	(38)	-
Insurance Australia Limited	(911)	(1,791)
Harpers Travel (M) Sdn. Bhd.	(339)	(2,128)
Asian Institute of Finance Berhad	-	(3)
	<u>(13,618)</u>	<u>(16,551)</u>

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22. RELATED PARTY DISCLOSURES (CONT'D.)

The significant transactions of the Company with related parties during the financial period are as follows (Cont'd.):

	Income/(Expenses)	
	Unaudited	Unaudited
	01.04.2019	01.04.2018
	to	to
	30.09.2019	30.09.2018
	RM'000	RM'000
Reinsurance premiums ceded to:		
IAG Re Labuan (L) Berhad	<u>(17,441)</u>	<u>(16,043)</u>
Claims recovery from:		
IAG Re Labuan (L) Berhad	<u>8,664</u>	<u>8,449</u>
Rental expenses to:		
AmMetLife Insurance Berhad	<u>(13)</u>	<u>(42)</u>
Rental income from:		
AmMetLife Insurance Berhad	<u>40</u>	<u>15</u>
Dividends on INCPS, RNCPS and ordinary share paid to:		
AmGeneral Holdings Berhad	<u>(190,355)</u>	<u>(209,355)</u>
RNCPS Capital Redemption paid to:		
AmGeneral Holdings Berhad	<u>(100,000)</u>	<u>(200,000)</u>

23. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The Company measures certain financial instruments 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.

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

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23. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (CONT'D.)

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and 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

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines 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.

There were no transfers between Level 1 or Level 2 of the fair value hierarchy during the financial period ended 30 September 2019 and financial year ended 31 March 2019.

The fair value of financial instruments that are actively traded in organised financial markets is determined by reference to quoted market bid prices for assets and offer prices for liabilities, at the close of business on the reporting date.

For investments in unit and property trust funds and collective investment schemes, fair value is determined by reference to published bid values.

For financial instruments where there is no active market such as unquoted fixed income securities, i.e. unquoted bonds, fair values is obtained from Bond Pricing Agency Malaysia Sdn. Bhd. ("BPAM").

For unquoted shares, fair value is determined to approximate the net assets value of the investments.

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24. FAIR VALUE HIERARCHY

The table below analyses those financial instruments carried at fair value and assets for which fair value is disclosed by their valuation methods.

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

Unaudited		Level 1	Level 2	Level 3	Total
30 September 2019	Note	RM'000	RM'000	RM'000	RM'000
Assets measured at fair value on a recurring basis:					
FVTPL financial assets:					
Equity securities:					
Quoted in Malaysia	13	73,041	-	-	73,041
Unquoted in Malaysia	13	-	-	2,735	2,735
Unit and property trust funds	13	12,767	-	-	12,767
Collective investment schemes:					
Investment in subsidiaries	13	3,250,687	-	-	3,250,687
Investment in others	13	191,815	-	-	191,815
Assets measured at fair value on a non-recurring basis:		3,528,310	-	2,735	3,531,045

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24. FAIR VALUE HIERARCHY (CONT'D.)

Audited		Level 1	Level 2	Level 3	Total
31 March 2019	Note	RM'000	RM'000	RM'000	RM'000
Assets measured at fair value:					
FVTPL financial assets:					
Equity securities:					
Quoted in Malaysia	13	170,136	-	-	170,136
Unquoted in Malaysia	13	-	-	2,768	2,768
Unit and property trust funds	13	10,519	-	-	10,519
Collective investment schemes:					
Investment in subsidiaries	13	3,342,522	-	-	3,342,522
Investment in others	13	158,726	-	-	158,726
Assets measured at fair values on a non-recurring basis		3,681,903	-	2,768	3,684,671

There were no transfers between Level 1 or Level 2 of the fair value hierarchy during the current period and previous financial years for assets which are carried at fair value.

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25. REGULATORY CAPITAL REQUIREMENTS

The total capital available of the Company as at 30 September 2019, as prescribed under the RBC Framework is provided below:

	Unaudited 30.09.2019 RM'000	Audited 31.3.2019 RM'000
Eligible Tier 1 capital		
Fully paid-up ordinary shares	900,000	800,000
Paid-up non-cumulative irredeemable preference shares	61,000	61,000
Retained earnings	519,747	653,792
	<u>1,480,747</u>	<u>1,514,792</u>
Tier 2 capital		
RNCPS	100,000	200,000
	<u>100,000</u>	<u>200,000</u>
Amounts deducted from capital	(87,504)	(90,544)
Total capital available	<u>1,493,243</u>	<u>1,624,248</u>

26. SIGNIFICANT AND SUBSEQUENT EVENT

The Malaysian Competition Commission ("MyCC")'s Proposed Decision against PIAM and its 22 members

On 10 August 2016, the Malaysian Competition Commission ("MyCC") commenced an investigation into an alleged infringement by Persatuan Insurans Am Malaysia ("PIAM") and all its members, being 22 general insurers, including AmGeneral Insurance Berhad in respect of Section 4(2)(a) of the Competition Act, 2010 ("CA 2010"). The MyCC alleged that PIAM and all 22 general insurers fixed the parts trade discount rates for certain vehicle makes and labour hourly rates for PIAM Approved Repairers Scheme workshops.

On 22 February 2017, MyCC issued a proposed decision against PIAM and 22 of its members, being general insurers, for an alleged infringement of the CA 2010. The Proposed Decision ("PD") includes proposed financial penalties on all 22 general insurers, including AmGeneral Insurance Berhad. AmGeneral Insurance Berhad's share of the proposed infringement penalties amounted to RM45,156,098.

On 1 March 2017, Bank Negara Malaysia issued a press statement confirming that the arrangement which is the subject of MyCC's PD was put in place in response to a clear directive from Bank Negara Malaysia to the general insurers in 2011. AmGeneral Insurance Berhad has on 25 April 2017, completed the submission of its written representations to MyCC. AmGeneral Insurance Berhad has also indicated its request for oral representations.

On 29 January 2018, AmGeneral Insurance Berhad's legal counsel delivered oral representations to MyCC reiterating its position that it has not infringed Section 4(2)(a) of the CA 2010 and that no infringement penalties should be imposed. Should the PD be upheld, AmGeneral Insurance Berhad will appeal to the Competition Appeals Tribunal and thereafter take any adverse outcome to a judicial review before the Malaysian courts.

On 19 and 20 February 2019, AmGeneral Insurance Berhad's legal counsel delivered 2nd oral representations to MyCC. The other counsel had applied to fix further dates for their respective oral representations, which was granted by MyCC. In view thereof, the final finding of infringement or non-infringement by MyCC will not likely take place until after 18 June 2019.

On 13 May 2019, AmGeneral Insurance Berhad's legal counsel delivered 3rd oral representations to MyCC and followed up with Members of Commissioner ("MOC") on the proposed undertakings which is reiterating its position that it has not infringed Section 4(2)(a) of the CA 2010 and that no infringement penalties should be imposed. In view of that, MOC has not reached a decision, AmGeneral Insurance Berhad will continue to follow up on this matter. There is no final finding on infringement or non-infringement by MyCC as at 30 June 2019.

On 6 August 2019, MyCC has made a statement that the final decision on infringement or non-infringement will likely to take place in year 2020 due to magnitude of the case. Until then, AmGeneral Insurance Berhad will continue to monitor and follow up closely on this matter. There is no final decision on infringement or non-infringement by MyCC as at 30 September 2019.