

**STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018**

|   | 2018<br>RM'000   | 2017<br>RM'000   |
|---|------------------|------------------|
| <b>ASSETS</b>   |                  |                  |
| Property and equipment  | 57,059           | 61,099           |
| Intangible assets - software                                      | 1,897            | 2,478            |
| Investment properties   | 52,228           | 54,528           |
| Available-for-sale financial assets                               | -                | 387,206          |
| Financial assets at fair value through other comprehensive income | 367,776          | -                |
| Loans and receivables   | -                | 816,195          |
| Financial assets at amortised cost                                | 924,582          | -                |
| Reinsurance assets  | 122,613          | 263,990          |
| Insurance receivables   | 38,241           | 35,204           |
| Tax recoverable   | 3,201            | 1,740            |
| Deferred tax assets   | 123              | -                |
| Deferred acquisition costs  | 29,127           | 30,834           |
| Cash and short term deposits                                      | 9,816            | 30,465           |
| <b>Total assets</b>   | <b>1,606,663</b> | <b>1,683,739</b> |
| <b>EQUITY</b>   |                  |                  |
| Share capital   | 100,000          | 100,000          |
| Other reserves  | 18,230           | 19,715           |
| Retained earnings   | 482,600          | 463,778          |
| <b>Total equity</b>   | <b>600,830</b>   | <b>583,493</b>   |
| <b>LIABILITIES</b>  |                  |                  |
| Insurance contract liabilities                                    | 931,073          | 1,031,252        |
| Deferred tax liabilities  | -                | 1,885            |
| Deferred acquisition costs - reinsurance                          | 2,676            | 2,684            |
| Insurance payables  | 23,662           | 21,430           |
| Other payables  | 48,422           | 42,995           |
| <b>Total liabilities</b>  | <b>1,005,833</b> | <b>1,100,246</b> |
| <b>Total equity and liabilities</b>                               | <b>1,606,663</b> | <b>1,683,739</b> |

**STATEMENT OF INCOME FOR THE YEAR ENDED 31 DECEMBER 2018**

|  | 2018<br>RM'000 | 2017<br>RM'000 |
|--|----------------|----------------|
| Gross written premiums                           | 640,163        | 651,826        |
| Change in premium liabilities                    | 13,869         | (13,488)       |
| Gross earned premiums (a)                        | 654,032        | 638,338        |
| Reinsurance premiums ceded                       | (75,857)       | (95,672)       |
| Change in premium liabilities                    | 812            | (28,282)       |
| Premiums ceded to reinsurers (b)                 | (75,045)       | (123,954)      |
| <b>Net earned premiums (a) - (b)</b>             | <b>578,987</b> | <b>514,384</b> |
| Investment income                                | 48,983         | 45,116         |
| Realised losses                                  | (115)          | (34)           |
| Net fair value (losses)/gains                    | (2,300)        | 500            |
| Commission income                                | 15,763         | 26,931         |
| Other operating income                           | 4,435          | 9,722          |
| Other revenue                                    | 66,766         | 82,235         |
| Gross claims paid                                | (548,615)      | (361,231)      |
| Claims ceded to reinsurers                       | 172,694        | 62,291         |
| Gross change to claims liabilities               | 86,310         | (173,422)      |
| Change in claims liabilities ceded to reinsurers | (142,189)      | 126,952        |
| Net claims incurred                              | (431,800)      | (345,410)      |
| Commission expense                               | (69,046)       | (68,810)       |
| Management expenses                              | (121,388)      | (115,643)      |
| Other expenses                                   | (190,434)      | (184,453)      |
| Profit before taxation                           | 23,519         | 66,756         |
| Tax expense                                      | (4,954)        | (14,244)       |
| <b>Net profit for the financial year</b>         | <b>18,565</b>  | <b>52,512</b>  |
| Basic and diluted earnings per share (sen)       | 18.57          | 52.51          |

**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018**

|  | 2018<br>RM'000 | 2017<br>RM'000 |
|--|----------------|----------------|
| Net profit for the financial year                                  | 18,565         | 52,512         |
| Other comprehensive income:  |                |                |
| Item that will not be subsequently reclassified to profit or loss: |                |                |
| Asset revaluation reserve  |                |                |
| Revaluation (deficit)/surplus on self-occupied properties          | (1,812)        | 526            |
| Tax effect on revaluation surplus                                  | 392            | (193)          |
|  | (1,420)        | 333            |
| Item that may be subsequently reclassified to profit or loss:      |                |                |
| Available-for-sale ("AFS") reserve                                 |                |                |
| Fair value gain of AFS financial assets                            | -              | 3,866          |
| Tax effect on fair value gain of AFS financial assets              | -              | (928)          |
|  | -              | 2,938          |
| Fair value through other comprehensive income "FVOCI"              |                |                |
| Fair value loss of FVOCI financial assets                          | (60)           | -              |
| Tax effect on fair value loss of FVOCI financial assets            | 15             | -              |
|  | (45)           | -              |
| <b>Total comprehensive income for the financial year</b>           | <b>17,100</b>  | <b>55,783</b>  |

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018**

|   | Issued and fully paid ordinary shares<br>RM'000 | Non-distributable                   |                       |                         | Distributable               |                 |
|---|---|-------------------------------------|-----------------------|-------------------------|-----------------------------|-----------------|
|   |   | Asset revaluation reserve<br>RM'000 | AFS reserve<br>RM'000 | FVOCI reserve<br>RM'000 | Retained earnings<br>RM'000 | Total<br>RM'000 |
| At 1 January 2017                                 | 100,000   | 20,469                              | (4,025)               | -                       | 416,266                     | 532,710         |
| Total comprehensive income for the financial year | -   | 333                                 | 2,938                 | -                       | 52,512                      | 55,783          |
| Dividends paid during the year                    | -   | -                                   | -                     | -                       | (5,000)                     | (5,000)         |
| At 31 December 2017                               | 100,000   | 20,802                              | (1,087)               | -                       | 463,778                     | 583,493         |
| At 1 January 2018, as previously stated           | 100,000   | 20,802                              | (1,087)               | -                       | 463,778                     | 583,493         |
| Effect of adopting MFRS 9 Financial Instruments   | -   | -                                   | 1,087                 | (1,107)                 | 257                         | 237             |
| At 1 January 2018, as restated                    | 100,000   | 20,802                              | -                     | (1,107)                 | 464,035                     | 583,730         |
| Total comprehensive income for the financial year | -   | (1,420)                             | -                     | (45)                    | 18,565                      | 17,100          |
| At 31 December 2018                               | 100,000   | 19,382                              | -                     | (1,152)                 | 482,600                     | 600,830         |

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2018**

|   | 2018<br>RM'000  | 2017<br>RM'000  |
|---|-----------------|-----------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                         |                 |                 |
| Net profit for the financial year                                   | 18,565          | 52,512          |
| Adjustment for non-cash items:                                      |                 |                 |
| Property and equipment  |                 |                 |
| - depreciation  | 3,138           | 3,242           |
| - loss on disposal  | 112             | -               |
| - written off   | 43              | 130             |
| - reclassification  | 98              | -               |
| Amortisation of intangible assets                                   | 1,055           | 1,174           |
| Reclassification and adjustments intangible assets                  | 12              | -               |
| Net fair value losses/(gains) on investment properties              | 2,300           | (500)           |
| Interest income   | (48,001)        | (44,442)        |
| Net rental income   | (374)           | (331)           |
| Net accretion of discounts  | (608)           | (343)           |
| Write back of for impairment allowance for insurance receivables    | (472)           | (10)            |
| Impairment allowance of uncollectible service tax                   | 1,351           | -               |
| Written off/(recoveries) of bad debts                               | 263             | (299)           |
| Tax expense   | 4,954           | 14,244          |
|   | (17,564)        | 25,377          |
| Purchase of available-for-sale financial assets                     | -               | (54,809)        |
| Proceeds from maturity of available-for-sale financial assets       | -               | 16,733          |
| Purchase of FVOCI financial assets                                  | (15,087)        | -               |
| Proceeds from maturity of FVOCI financial assets                    | 35,025          | -               |
| Interest income received  | 46,257          | 44,955          |
| Net rental income   | 374             | 331             |
| Decrease/(Increase) in reinsurance assets                           | 141,377         | (98,670)        |
| Increase in insurance receivables                                   | (3,902)         | (6,872)         |
| Decrease/(Increase) in deferred acquisition costs                   | 1,707           | (1,074)         |
| Increase/(Decrease) in insurance payables                           | 2,232           | (19,018)        |
| (Decrease)/Increase in insurance contract liabilities               | (100,179)       | 186,910         |
| Increase in loans and receivables                                   | -               | (105,682)       |
| Increase in financial assets at amortised cost                      | (106,643)       | -               |
| Increase/(Decrease) in other payables                               | 5,427           | (13,350)        |
| Decrease in deferred acquisition costs - reinsurance                | (8)             | (2,459)         |
| Cash used in operating activities                                   | (10,984)        | (27,628)        |
| Income tax paid   | (8,016)         | (23,971)        |
| Net cash outflows from operating activities                         | (19,000)        | (51,599)        |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                         |                 |                 |
| Purchase of property and equipment                                  | (1,349)         | (1,422)         |
| Purchase of intangible assets - software                            | (486)           | (443)           |
| Proceeds from disposal of property and equipment                    | 186             | -               |
| Net cash outflows from investing activities                         | (1,649)         | (1,865)         |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                         |                 |                 |
| Dividend paid   | -               | (5,000)         |
| Net cash outflows from financing activities                         | -               | (5,000)         |
| <b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>                    | <b>(20,649)</b> | <b>(58,464)</b> |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR</b> | <b>30,465</b>   | <b>88,929</b>   |
| <b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR</b>       | <b>9,816</b>    | <b>30,465</b>   |

## NOTE :

- Visit our website at [www.libertyinsurance.com.my](http://www.libertyinsurance.com.my) for the full version of the audited financial statements for 31 December 2018.
- A copy of the audited financial statements is available at every branch of the Company in Malaysia.

**Independent auditors' report to the members of Liberty Insurance Berhad (Incorporated in Malaysia)**
**Report on the abridged financial statements**
*Opinion*

The abridged financial statements, which comprise the summary statement of financial position as at 31 December 2018, the summary statement of income, summary statement of comprehensive income, summary statement of changes in equity and summary statement of cash flows for the year then ended, are derived from the audited financial statements of Liberty Insurance Berhad for the year ended 31 December 2018.

In our opinion, the accompanying abridged financial statements are consistent, in all material respects, with the audited financial statements, in accordance with the presentation and disclosure requirements as prescribed by Bank Negara Malaysia.

*Abridged financial statements*

The abridged financial statements do not contain all the disclosures required by the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. Reading the abridged financial statements and the auditors' report thereon, therefore, is not a substitute for reading the audited financial statements and the auditors' report thereon.

*The audited financial statements and our report thereon*

We expressed an unmodified audit opinion on the audited financial statements in our report dated 22 March 2019.

*Directors' responsibility for the abridged financial statements*

The directors are responsible for the preparation of the abridged financial statements in accordance with the presentation and disclosure requirements as prescribed by Bank Negara Malaysia.

*Auditors' responsibility*

Our responsibility is to express an opinion on whether the abridged financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with Malaysian Approved Standard on Auditing, ISA 810 (Revised), "Engagements to Report on Summary Financial Statements".

**Restriction on use**

Our report on the abridged financial statements of Liberty Insurance Berhad for the year ended 31 December 2018 is issued in compliance with Bank Negara Malaysia Guidelines and for no other purpose.

Ernst & Young  
AF: 0039  
Chartered Accountants

Brandon Bruce Sta Maria  
No. 02937/09/2019 J  
Chartered Accountant

Kuala Lumpur, Malaysia  
22 March 2019