

LIBERTY INSURANCE BERHAD
(16688-K)
(Incorporated in Malaysia)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2020

16688-K

LIBERTY INSURANCE BERHAD
(Incorporated in Malaysia)

CONTENTS	PAGE
Unaudited Condensed Interim Statement of Financial Position	1
Unaudited Condensed Interim Statement of Income	2
Unaudited Condensed Interim Statement of Comprehensive Income	3
Unaudited Condensed Interim Statement of Changes In Equity	4
Unaudited Condensed Interim Statement of Cash Flows	5 - 6
Notes to the Unaudited Condensed Interim Financial Statements	7 - 26

LIBERTY INSURANCE BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Note	As at 30.6.2020 Unaudited RM'000	As at 31.12.2019 Audited RM'000
ASSETS			
Property and equipment		69,711	71,449
Right-of-use assets		1,573	2,180
Intangible assets - software		2,133	1,920
Investment properties	10 (b)	29,528	29,528
Financial assets at fair value through other comprehensive income	11	532,996	417,628
Financial assets at fair value through profit or loss		101,362	60,080
Financial assets at amortised cost	12	667,624	798,978
Reinsurance assets	13	109,338	97,426
Insurance receivables	14	43,730	35,766
Other receivables		52,625	56,428
Deferred acquisition costs		29,196	31,918
Cash and short term deposits		66,266	29,244
Total assets still in used for business activities		<u>1,706,082</u>	<u>1,632,545</u>
Non-current asset held for sale	10 (a)	6,600	6,600
Total assets		<u>1,712,682</u>	<u>1,639,145</u>
EQUITY AND LIABILITIES			
Share capital		100,000	100,000
Other reserves		30,807	24,963
Retained earnings		587,537	523,797
Total equity		<u>718,344</u>	<u>648,760</u>
LIABILITIES			
Insurance contract liabilities	15	864,511	897,291
Tax liabilities		20,841	4,407
Deferred tax liabilities		5,069	2,866
Deferred acquisition costs - reinsurance		4,118	3,310
Insurance payables		54,635	37,898
Other payables		43,554	42,408
Lease liabilities		1,610	2,205
Total liabilities		<u>994,338</u>	<u>990,385</u>
Total equity and liabilities		<u>1,712,682</u>	<u>1,639,145</u>

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

LIBERTY INSURANCE BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED INTERIM STATEMENT OF INCOME
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2020

	Note	6 months ended 30.6.2020 Unaudited RM'000	6 months ended 30.6.2019 Unaudited RM'000
Gross written premiums		279,667	318,080
Change in premium liabilities		23,845	(8,907)
Gross earned premiums (a)		<u>303,512</u>	<u>309,173</u>
Reinsurance premiums ceded		(49,496)	(41,374)
Change in premium liabilities		5,191	1,172
Premiums ceded to reinsurers (b)		<u>(44,305)</u>	<u>(40,202)</u>
Net earned premiums (a) - (b)		<u>259,207</u>	<u>268,971</u>
Investment income		22,216	25,011
Realised gains/(losses)		1,123	(26)
Commission income		9,371	7,705
Other operating income		10	2,596
Other revenue		<u>32,720</u>	<u>35,286</u>
Gross claims paid	15	(136,941)	(224,163)
Claims ceded to reinsurers	15	8,949	30,356
Gross change to claims liabilities	15	8,935	20,168
Change in claims liabilities ceded to reinsurers	15	6,721	(19,810)
Net claims incurred		<u>(112,336)</u>	<u>(193,449)</u>
Commission expense		(34,354)	(33,877)
Management expenses		(60,482)	(57,192)
Interest expense		(24)	(35)
Other expenses		<u>(94,860)</u>	<u>(91,104)</u>
Profit before taxation		84,732	19,704
Tax expense		<u>(20,992)</u>	<u>(4,892)</u>
Net profit for the period		<u>63,740</u>	<u>14,812</u>
Basic and diluted earnings per share (sen)		<u>63.74</u>	<u>14.81</u>

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

16688-K

LIBERTY INSURANCE BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2020

	6 months ended 30.6.2020 Unaudited RM'000	6 months ended 30.6.2019 Unaudited RM'000
Net profit for the period	<u>63,740</u>	<u>14,812</u>
Other comprehensive income:		
Item that may be subsequently reclassified to profit or loss:		
<u>Fair value through other comprehensive income ("FVOCI")</u>		
Fair value gain on debt instruments designated at FVOCI	7,689	5,568
Tax effect on fair value gain or loss of FVOCI financial assets	<u>(1,845)</u>	<u>(1,336)</u>
	<u>5,844</u>	<u>4,232</u>
Total comprehensive income for the period	<u><u>69,584</u></u>	<u><u>19,044</u></u>

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

16688-K

LIBERTY INSURANCE BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2020

	Issued and fully paid ordinary shares	Non-distributable		Distributable	
	Nominal value RM'000	Asset revaluation reserve RM'000	FVOCI reserve RM'000	Retained earnings RM'000	Total RM'000
At 1 January 2019	100,000	19,382	(1,152)	482,600	600,830
Total comprehensive income for the period	-	-	4,232	14,812	19,044
At 30 June 2019 (unaudited)	<u>100,000</u>	<u>19,382</u>	<u>3,080</u>	<u>497,412</u>	<u>619,874</u>
At 1 January 2020	100,000	20,088	4,875	523,797	648,760
Total comprehensive income for the period	-	-	5,844	63,740	69,584
At 30 June 2020 (unaudited)	<u>100,000</u>	<u>20,088</u>	<u>10,719</u>	<u>587,537</u>	<u>718,344</u>

LIBERTY INSURANCE BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2020

	Note	6 months ended 30.6.2020 Unaudited RM'000	6 months ended 30.6.2019 Unaudited RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit for the period		63,740	14,812
<u>Adjustment for non-cash items:</u>			
Property and equipment			
- depreciation		2,581	1,684
- written off		-	6
- adjustment		40	-
Amortisation of intangible assets		438	471
Depreciation of right-of-use assets		607	609
Interest income		(21,958)	(31,339)
Net rental income		(91)	(165)
Net accretion of discounts		(111)	(271)
Write back of impairment allowance on insurance receivables		(217)	(659)
Bad debts written off		-	16
Interest expense		24	35
Tax expense		20,991	4,892
		<u>66,044</u>	<u>(9,909)</u>
Purchase of financial assets at FVOCI		(167,805)	(50,410)
Proceeds from maturity of financial assets at FVOCI		19,920	-
Interest income received		27,324	35,933
Net rental income received		91	165
(Increase)/Decrease in reinsurance assets	13	(11,912)	18,637
Increase in insurance receivables	14	(7,747)	(2,601)
Decrease in other receivables		3,803	-
Decrease/(Increase) in deferred acquisition costs		2,722	(1,295)
Increase in insurance payables		16,737	10,730
Decrease in insurance contract liabilities	15	(32,780)	(11,260)
Decrease in financial assets at amortised costs	12	125,000	26,483
Increase/(Decrease) in other payables		551	(12,883)

LIBERTY INSURANCE BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED INTERIM STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2020

	6 months ended 30.6.2020 Unaudited RM'000	6 months ended 30.6.2019 Unaudited RM'000
Increase in deferred acquisition costs-reinsurance	808	330
Cash generated from operating activities	42,755	3,920
Net Income (tax paid)/ tax refund received	(4,200)	2,336
Net cash inflows from operating activities	<u>38,555</u>	<u>6,256</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(587)	(1,285)
Purchase of intangible assets - software	(651)	(404)
Proceeds from disposal of assets	274	-
Net cash outflows from investing activities	<u>(964)</u>	<u>(1,689)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of lease liability	(569)	(628)
Net cash outflows from financing activities	<u>(569)</u>	<u>(628)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	37,022	3,939
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	29,244	9,816
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>66,266</u>	<u>13,755</u>

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

LIBERTY INSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2020

1. SIGNIFICANT ACCOUNTING POLICIES

(a) BASIS OF PREPARATION

The unaudited condensed interim financial statements of the Company are 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 Standards Board ("IASB").

The unaudited condensed interim 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 December 2019.

The Company has met the minimum capital requirements as prescribed by the Risk-Based Capital Framework issued by Bank Negara Malaysia ("BNM").

The unaudited condensed interim financial statements are presented in Ringgit Malaysia (RM), which is the Company's functional currency.

(b) CHANGES IN ACCOUNTING POLICIES

(i) Amendments to Malaysian Financial Reporting Standards

The accounting policies adopted by the Company for the unaudited condensed interim financial statements are consistent with those adopted in the Company's audited financial statements for the financial year ended 31 December 2019, and modified for the adoption of the following accounting standards applicable for financial periods beginning on or after 1 January 2020.

Amendments to MFRS 3 Business Combinations (Definition of a Business)
Amendments to MFRS 9, MFRS 139 & MFRS 7 (Interest Rate Benchmark Reform)
Amendments to MFRS 16 Leases (Covid-19-Related Rent Concessions)
Amendments to MFRS 101 & MFRS 108 (Definition of Material)
Amendments to MFRS 128 (Long-term Interest in Associates and Joint Ventures)
Annual Improvements to MFRS Standards 2018 - 2020 Cycle

The adoption of the above did not have any significant effects on the unaudited condensed interim financial statements upon their initial application.

LIBERTY INSURANCE BERHAD
(Incorporated in Malaysia)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(ii) Standards issued but not yet effective

The following are standards, amendments to Standards and Interpretations issued by the Malaysian Accounting Standards Board ("MASB"), but not yet effective, up to the date of issuance of the Company's financial statements. The Company intends to adopt these standards, amendments to standards and interpretation, if applicable, when they become effective:

Description	Effective Date
MFRS 17 Insurance Contracts	1 January 2021
Amendments to MFRS 3 Business Combinations (Reference to the Conceptual Framework)	1 January 2022
Amendments to MFRS 101 Presentation of Financial Statements (Classification of Liabilities as Current or Non-current)	1 January 2022
Amendments to MFRS 116 Property, Plant and Equipment (Property, Plant and Equipment - Proceeds before Intended Use)	1 January 2022
Amendments to MFRS 137 Provision, Contingent Liabilities and Contingent Assets (Onerous Contracts - Cost of Fulfilling a Contract)	1 January 2022
Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 (Sale or Contribution of Assets between an Investor and its Associate or Joint Venture)	Deferred

The above new and amended standards and interpretation are not expected to have any material effect on the unaudited condensed interim financial statements in the period of initial application except as discussed below:

LIBERTY INSURANCE BERHAD
(Incorporated in Malaysia)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(ii) Standards issued but not yet effective (continued)

MFRS 17 Insurance Contracts

In August 2017, the MASB issued MFRS 17 Insurance Contracts, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure, which will replace MFRS 4 Insurance Contracts.

In contrast to the requirements in MFRS 4, which was an interim standard and are largely based on alterations of previous local accounting policies for measurement purposes, MFRS 17 provides a comprehensive model (the general measurement model) for insurance contracts, supplemented by the variable fee approach for contracts with direct participation features that are substantially investment-related service contracts, and the premium allocation approach mainly for short-duration contracts which are expected to typically apply to certain non-life insurance contracts.

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

- 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 Company of contracts. The CSM represents the unearned profitability of the insurance contracts and is recognised in profit or loss 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 profit or loss 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 recognition of insurance revenue and insurance service expenses in the statement of comprehensive income based on the concept of services provided during the period.

LIBERTY INSURANCE BERHAD
(Incorporated in Malaysia)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(ii) Standards issued but not yet effective (continued)

MFRS 17 Insurance Contracts (continued)

- Amounts that the policyholder 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.
- Extensive disclosures to provide information on the recognised amounts from insurance contracts and the nature and extent of risks arising from these contracts.

MFRS 17 is effective for annual reporting periods beginning on or after 1 January 2021, with comparative figures required. MFRS 17 is equivalent to IFRS 17 Insurance Contracts as issued and amended by the IASB, including the effective and issuance dates. At its meeting on 17 March 2020, the IASB had agreed to defer the effective date of IFRS 17. On 25 June 2020, IASB issued amendments to IFRS 17 to defer the effective date of IFRS 17 to financial years beginning on or after 1 January 2023. Early application is permitted, provided the entity also applies MFRS 9 and MFRS 15 on or before the date it first applies MFRS 17. Retrospective application is required. However, if full retrospective application for a company's insurance contracts is impracticable, then the entity is required to choose either a modified retrospective approach or a fair value approach.

The Company plans to adopt the new standard on the required effective date. The Company expects that the new standard will result in changes to the accounting policies for insurance contract liabilities of the Company and is likely to have a significant impact on its financial position, results and equity, together with significant changes to presentation and disclosure. The Company had completed the gap analysis and identified the key gaps arising from MFRS 17. The Company is currently in the process of designing the data and system requirements of MFRS 17.

LIBERTY INSURANCE BERHAD
(Incorporated in Malaysia)

2. COMMENTS ON SEASONALITY OR CYCLICALITY

The business operations of the Company are subject to the sales cycle of the insurance business. With the recent and rapid development of the coronavirus outbreak in Malaysia in first half of 2020, the Government issued a Movement Control Order ("MCO") effective from 18 March 2020 to 3 May 2020. The MCO involved limitation and/or suspension of business operations, travel restrictions, and quarantine measures.

The MCO was replaced by Conditional Movement Control Order ("CMCO") effective 4 May 2020 to 9 June 2020 and Recovery Movement Control Order ("RMCO") effective 10 June 2020 to 31 August 2020. CMCO and RMCO allows gradual reopening of certain sectors of the economy. Whilst these measures may not have an immediate and pronounced impact on the insurance industry, it is expected to have a knock-on effect, impacting, for example the Company's liabilities in certain product lines, the investment valuation and the estimated credit loss from receivables. As the impact from the outbreak continues to unfold, it is challenging at this juncture, to predict the full extent and duration of its business and economic impact.

3. UNUSUAL ITEMS

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the interim period ended 30 June 2020.

4. CHANGES IN ESTIMATES

There were no material changes in the basis used for accounting estimates for the interim period ended 30 June 2020.

5. DEBTS AND EQUITY SECURITIES

There were no issuances, repurchase or repayment of debt and equity securities by the Company during the interim period ended 30 June 2020.

6. DIVIDENDS PAID

No dividends have been paid or declared by the Company for the interim period ended 30 June 2020.

7. EVENTS AFTER THE INTERIM PERIOD

There were no material events after the interim period that have not been reflected in the unaudited condensed interim financial statements for the interim period 30 June 2020.

8. EFFECT OF CHANGES IN COMPOSITION OF THE COMPANY

There were no changes in the composition of the Company during the interim period ended 30 June 2020.

9. CHANGES IN CONTINGENT LIABILITIES OR CONTINGENT ASSETS

The Company does not have any contingent assets or liabilities.

LIBERTY INSURANCE BERHAD
(Incorporated in Malaysia)

10(a). NON CURRENT ASSETS HELD FOR SALE

	As at 30.06.2020 RM'000	As at 31.12.2019 RM'000
Long-term freehold land and building	<u>6,600</u>	<u>6,600</u>

The Management has obtained approval to dispose a property consisting of four floors at a price of RM6,600,000. The Sales and Purchase Agreement ("SPA") was executed on 7th February 2020 with 10% deposit collected. The completion of the disposal was delayed by the imposition of MCO.

10(b). INVESTMENT PROPERTIES

	Freehold land and building RM'000	Leasehold land and building RM'000	Total RM'000
At fair value:			
At 1 January 2019	16,300	35,928	52,228
Transferred to property	-	(13,800)	(13,800)
Transferred to non-current assets held for sale (Note 10(a))	(6,600)	-	(6,600)
Net fair value losses	(700)	(1,600)	(2,300)
At 31 December 2019/30 June 2020	<u>9,000</u>	<u>20,528</u>	<u>29,528</u>

*The leasehold land is a ROU asset in accordance with MFRS 16.

During the financial year ended 31 December 2019, the Company revalued its freehold and long term leasehold properties which are held as investment properties based on independent valuations performed by Rahim & Co. Chartered Surveyors Sdn. Bhd., an independent accredited valuer.

The above table presents the reconciliation for all investment properties measured at fair value from opening balance to closing balance based on significant unobservable inputs (Level 3).

LIBERTY INSURANCE BERHAD
(Incorporated in Malaysia)

10(b). INVESTMENT PROPERTIES (CONTINUED)

Recurring fair value measurements

All freehold and long term leasehold properties of the Company are classified within Level 3 of the fair value hierarchy. The fair values for all the properties have been derived using either the sales comparison approach or the income approach as allowed under MFRS 13 Fair Value Measurement. Sales prices of comparable land and buildings, rentals and yields of similar properties in close proximity are adjusted for differences in key attributes such as property size, location and quality of the building. The most significant input used in the sales comparison approach is price per square foot of comparable properties while the most significant inputs used in the income approach are yields and rental rates per square foot of comparable properties.

The titles to the freehold land and buildings included in investment properties of the Company with a carrying value of RM9,000,000 (2019: RM9,000,000) are in the process of being transferred to the Company. Risks, rewards and effective titles to these properties have been passed to the Company upon unconditional completion of the acquisition of those properties. The Company has submitted the relevant documents to the land authorities for transfer of legal titles to the Company and is awaiting the process and finalisation of this transfer to be completed.

(i) Fair value hierarchy of Investment Properties

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3 of the fair value hierarchy):

31.12.2019/ 30.06.2020	Fair Value	Valuation	Unobservable	Range of values
Description	RM'000	techniques	inputs	
Leasehold land and building	20,528	Income approach	Rental per square foot ("p.s.f") per month Discount rate	RM3.30 - RM9.00 4.5% - 6.5%
Freehold land	9,000	Comparison approach	Rental per square foot ("p.s.f") per month	RM85 - RM120

LIBERTY INSURANCE BERHAD
(Incorporated in Malaysia)

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVOCI")

(i) Financial assets at FVOCI comprise the following investments:

	As at 30.06.2020	As at 31.12.2019
	RM'000	RM'000
Malaysian government papers	339,686	226,644
Unquoted equity securities in Malaysia*	-	-
Unquoted corporate debt securities in Malaysia	193,310	190,984
	<u>532,996</u>	<u>417,628</u>

*This denotes that the fair value of unquoted equities as at 31 December 2019 is RM1.

(ii) Fair value hierarchy of financial assets at FVOCI

Recurring fair value measurements

The Company categorises its fair value measurements according to a three-level hierarchy. The hierarchy prioritises the inputs used in the Company's valuation techniques for determining the fair value of the financial instruments.

A level is assigned to each fair value measurement based on the lowest level input significant to the fair value measurement in its entirety. The three-level hierarchy is defined as follows:

- Level 1 - Fair value measurements that reflect unadjusted, quoted prices in active markets for identical assets and liabilities that the Company has the ability to access at the measurement date. Valuations are based on quoted prices reflecting market transactions involving assets or liabilities identical to those being measured.
- Level 2 - Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Those include quoted prices for similar assets and liabilities in active markets, quoted prices for identical assets and liabilities in inactive markets, inputs that are observable that are not prices (such as interest rates, credit risks, etc) and inputs that are derived from or corroborated by observable market data.
- Level 3 - Fair value measurements using significant non-market observable inputs. These include valuations for assets and liabilities that are derived using data, some or all of which is not market observable, including assumptions about risk. There are no readily available prices for unquoted stocks. Adjusted Net Tangible Assets ("NTA") method was used to value the stocks whereby adjusted net assets are divided by the share capital to obtain the price per share.

LIBERTY INSURANCE BERHAD
(Incorporated in Malaysia)

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVOCI")

(ii) Fair value hierarchy of financial assets at FVOCI (continued)

The following table shows financial assets at FVOCI at 30 June 2020 recorded at fair value analysed by the different bases of fair values as follows:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
30 June 2020				
Malaysian government papers	-	339,686	-	339,686
Unquoted equity securities in Malaysia*	-	-	-	-
Unquoted corporate debt securities in Malaysia	-	193,310	-	193,310
	<u>-</u>	<u>532,996</u>	<u>-</u>	<u>532,996</u>
31 December 2019				
Malaysian government papers	-	226,644	-	226,644
Unquoted equity securities in Malaysia*	-	-	-	-
Unquoted corporate debt securities in Malaysia	-	190,984	-	190,984
	<u>-</u>	<u>417,628</u>	<u>-</u>	<u>417,628</u>

*This denotes that the fair value of unquoted equities as at 30 June 2020 is RM1.

LIBERTY INSURANCE BERHAD
(Incorporated in Malaysia)

12. FINANCIAL ASSETS AT AMORTISED COST

	As at 30.06.2020 RM'000	As at 31.12.2019 RM'000
Fixed and call deposits with licensed banks held for investment purposes	656,300	781,300
Accrued interest	11,324	17,678
	<u>667,624</u>	<u>798,978</u>

13. REINSURANCE ASSETS

	As at 30.06.2020 RM'000	As at 31.12.2019 RM'000
Reinsurance of insurance contracts:		
Claims liabilities (Note 15)	76,497	69,776
Premium liabilities (Note 15)	32,841	27,650
	<u>109,338</u>	<u>97,426</u>

14. INSURANCE RECEIVABLES

	As at 30.06.2020 RM'000	As at 31.12.2019 RM'000
Due premium including agents, brokers and co-insurers balance	32,408	21,828
Due from reinsurers and cedants	14,284	17,368
	<u>46,692</u>	<u>39,196</u>
Accumulated impairment losses	(4,152)	(4,368)
	<u>42,540</u>	<u>34,828</u>
Knock-for-knock claims recoveries due from other insurers	1,190	938
	<u>43,730</u>	<u>35,766</u>

The carrying amounts disclosed above approximate fair values at the date of the statement of financial position due to their short-term maturity.

16688-K

LIBERTY INSURANCE BERHAD
(Incorporated in Malaysia)

15. INSURANCE CONTRACT LIABILITIES

	← 30.06.2020 →			← 31.12.2019 →		
	Gross RM'000	Re-insurance RM'000	Net RM'000	Gross RM'000	Re-insurance RM'000	Net RM'000
General insurance	864,511	(109,338)	755,173	897,291	(97,426)	799,865

The general insurance contract liabilities and the movement during the period/year are further analysed as follows:

	← 30.06.2020 →			← 31.12.2019 →		
	Gross RM'000	Re-insurance RM'000	Net RM'000	Gross RM'000	Re-insurance RM'000	Net RM'000
Provision for claims	417,951	(50,891)	367,060	421,558	(51,302)	370,256
Provision for incurred but not reported ("IBNR") claims	157,514	(25,606)	131,908	162,842	(18,474)	144,368
Claims liabilities (i),(ii)	575,465	(76,497)	498,968	584,400	(69,776)	514,624
Premium liabilities (iii)	289,046	(32,841)	256,205	312,891	(27,650)	285,241
	<u>864,511</u>	<u>(109,338)</u>	<u>755,173</u>	<u>897,291</u>	<u>(97,426)</u>	<u>799,865</u>

16688-K

LIBERTY INSURANCE BERHAD
(Incorporated in Malaysia)

15. INSURANCE CONTRACT LIABILITIES (CONTINUED)

(i) Claims liabilities

	←	30.06.2020	→	←	31.12.2019	→
	Gross RM'000	Re-insurance RM'000	Net RM'000	Gross RM'000	Re-insurance RM'000	Net RM'000
At 1 January 2020/2019	584,400	(69,776)	514,624	627,676	(97,127)	530,549
Claims incurred for the current accident period/year (direct and facultative)	155,599	(18,049)	137,549	431,711	(36,316)	395,395
Adjustment to claims incurred in prior accident years (direct and facultative)	(26,722)	3,298	(23,424)	(40,362)	12,503	(27,859)
Claims incurred during the period/ year (treaty inwards claims)	(328)	(0)	(328)	229	-	229
Movement in PRAD of claims liabilities at 75% confidence level	(299)	(920)	(1,218)	(8,201)	2,437	(5,764)
Movement in claims handling expenses	(244)	-	(244)	16	-	16
Claims paid during the period/year	(136,941)	8,949	(127,992)	(426,669)	48,727	(377,942)
At 30 June 2020/31 December 2019	<u>575,465</u>	<u>(76,497)</u>	<u>498,967</u>	<u>584,400</u>	<u>(69,776)</u>	<u>514,624</u>

16688-K

LIBERTY INSURANCE BERHAD
(Incorporated in Malaysia)

15. INSURANCE CONTRACT LIABILITIES (CONTINUED)

(ii) Claims liabilities by class of business

	← 30.06.2020 →			← 31.12.2019 →		
	Motor RM'000	Non-motor RM'000	Total RM'000	Motor RM'000	Non-motor RM'000	Total RM'000
Gross claims liabilities	501,433	74,032	575,465	520,561	63,839	584,400
Reinsurance	(28,034)	(48,463)	(76,497)	(28,741)	(41,035)	(69,776)
Net claims liabilities	<u>473,399</u>	<u>25,569</u>	<u>498,968</u>	<u>491,820</u>	<u>22,804</u>	<u>514,624</u>

(iii) Premium liabilities

	← 30.06.2020 →			← 31.12.2019 →		
	Gross RM'000	Re-insurance RM'000	Net RM'000	Gross RM'000	Re-insurance RM'000	Net RM'000
At 1 January 2020/2019	312,891	(27,650)	285,241	303,397	(25,486)	277,911
Premiums written during the period/year	279,667	(49,496)	230,171	620,481	(82,892)	537,589
Premiums earned during the period/year	(303,512)	44,305	(259,207)	(610,987)	80,728	(530,259)
At 30 June 2020/31 December 2019	<u>289,046</u>	<u>(32,841)</u>	<u>256,205</u>	<u>312,891</u>	<u>(27,650)</u>	<u>285,241</u>

LIBERTY INSURANCE BERHAD
(Incorporated in Malaysia)

16. COMMITMENTS

(a) Capital expenditure not provided in the financial statements are as follows:

	As at 30.06.2020 RM'000	As at 31.12.2019 RM'000
Authorised by the Directors and contracted for:		
- Property and equipment	438	144
	<u>438</u>	<u>144</u>

(b) Operating lease commitments

(i) The Company as lessee

The Company has non-cancellable operating lease agreements entered into in respect of rental of offices and EDP expenses. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	As at 30.06.2020 RM'000	As at 31.12.2019 RM'000
Not later than 1 year	1,870	1,870
Later than 1 year and no later than 3 years	1,403	2,338
	<u>3,273</u>	<u>4,208</u>

(ii) The Company as lessor

The Company has entered into lease agreements on its properties. The leases have remaining lease terms of between 1 to 3 years. The future aggregate minimum lease receivables under the operating leases contracted for as at the reporting date but not recognised as assets, are as follows:

	As at 30.06.2020 RM'000	As at 31.12.2019 RM'000
Not later than 1 year	1,560	1,560
Later than 1 year and no later than 3 years	1,735	2,298
	<u>3,295</u>	<u>3,858</u>

LIBERTY INSURANCE BERHAD
(Incorporated in Malaysia)

17. SIGNIFICANT RELATED PARTY DISCLOSURES

RELATED PARTY DISCLOSURES - KOREAN REINSURANCE COMPANY, SINGAPORE
 BRANCH, SINGAPORE

	As at 30.06.2020 RM'000	As at 31.12.2019 RM'000
<u>Expenses/(income) :</u>		
Transaction with non-controlling shareholders		
Reinsurance ceded premium	10	24
Reinsurance commission received	(3)	(8)
Reinsurance claims recovery	(9)	(618)
	<u> </u>	<u> </u>
<u>Due from/(due to) :</u>		
Balance with non-controlling shareholder:		
Reinsurance receivables	4	85
Reinsurance payables	(4)	-
	<u> </u>	<u> </u>

RELATED PARTY DISCLOSURES - KOREAN REINSURANCE COMPANY, LABUAN BRANCH,
 LABUAN, MALAYSIA

	As at 30.06.2020 RM'000	As at 31.12.2019 RM'000
<u>Expenses/(income):</u>		
Transactions with non-controlling shareholder:		
Reinsurance ceded premium	1,608	2,106
Reinsurance commission received	(319)	(364)
Reinsurance claims recovery	(98)	(788)
	<u> </u>	<u> </u>
<u>Due from/(due to):</u>		
Balance with non-controlling shareholder:		
Reinsurance receivables	17	9
Reinsurance payables	(972)	(508)
	<u> </u>	<u> </u>

LIBERTY INSURANCE BERHAD
(Incorporated in Malaysia)

17. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

RELATED PARTY DISCLOSURES - LIBERTY GROUP

	As at 30.06.2020 RM'000	As at 31.12.2019 RM'000
<u>Expenses/(income) :</u>		
Transactions with Liberty Group Companies:		
Reinsurance ceded premium		
- Liberty Insurance Pte Ltd, Singapore	5,669	8,870
- Liberty Specialty Markets Singapore Pte Limited (Labuan Branch)	5,732	5,778
- Liberty Specialty Markets Singapore Pte Ltd.	593	3,313
- Liberty Mutual Insurance Co Boston	1,646	1,833
- Liberty Mutual Insurance Co Australia	-	2,434
	<u>13,640</u>	<u>22,228</u>
Reinsurance commission received		
- Liberty Insurance Pte. Ltd, Singapore	(764)	(917)
- Liberty Specialty Markets Singapore Pte Limited (Labuan Branch)	(1,528)	(1,399)
- Liberty Specialty Markets Singapore Pte Ltd.	(148)	(823)
- Liberty Mutual Insurance Co Boston	(352)	(337)
- Liberty Mutual Insurance Co Australia	-	(584)
	<u>(2,792)</u>	<u>(4,060)</u>
Transactions with Liberty Group Companies (continued):		
Reinsurance claims recovery		
- Liberty Specialty Markets Singapore Pte Limited (Labuan Branch)	(33)	(495)
- Liberty Insurance Pte. Ltd, Singapore	(1,612)	(3,404)
- Liberty Mutual Insurance Co Boston	(179)	(2,299)
- Liberty (Lloyd's Syndicate 4472)	-	(70)
	<u>(1,824)</u>	<u>(6,268)</u>

LIBERTY INSURANCE BERHAD
(Incorporated in Malaysia)

17. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

RELATED PARTY DISCLOSURES - LIBERTY GROUP (CONTINUED)

	As at 30.06.2020 RM'000	As at 31.12.2019 RM'000
EDP expenses		
- Liberty Mutual Insurance Company	151	619
	<u>151</u>	<u>619</u>
<u>Expenses/(income) (continued):</u>		
Staff salaries and others		
- Liberty Mutual Insurance Company	(398)	(1,926)
- Liberty International Underwriters Pte Ltd. (Labuan Branch)	(715)	(1,068)
- Liberty Insurance Pte. Ltd, Singapore	(123)	-
	<u>(1,236)</u>	<u>(2,994)</u>
<u>Due from/(due to) :</u>		
Balances with Liberty Group comprises:		
Reinsurance receivables		
- Liberty Insurance Pte. Ltd, Singapore	993	8,784
- Liberty Mutual Insurance Co Boston	80	226
- Liberty Specialty Markets Singapore Pte Limited (Labuan Branch)	3	124
	<u>1,076</u>	<u>9,134</u>
Reinsurance payables		
- Liberty Insurance Pte Ltd, Singapore	(2,785)	(935)
- Liberty Specialty Markets Singapore Pte Limited (Labuan Branch)	(3,231)	(1,560)
- Liberty Specialty Markets Singapore Pte Limited	-	(1,729)
- Liberty Mutual Insurance Co Australia	-	(1,821)
- Liberty Mutual Insurance Co Boston	(764)	(241)
	<u>(6,780)</u>	<u>(6,286)</u>
<u>Due from/(due to) (continued):</u>		
Other receivables		
- Liberty Mutual Insurance Company	18	1,444
- Liberty International Underwriters Pte Ltd. (Labuan Branch)	144	175
	<u>162</u>	<u>1,619</u>

The balances with the related parties above are unsecured, interest free, repayable in accordance with the terms of the relevant contracts or on demand and are included in insurance receivables (Note 14), other receivables and insurance payables.

LIBERTY INSURANCE BERHAD
(Incorporated in Malaysia)

18. FINANCIAL INSTRUMENTS BY CATEGORY

	Financial assets at FVOCI	Financial assets at FVTPL	Financial assets at amortised cost	Assets not in scope of MFRS 9	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
As at 30.06.2020					
Assets					
Property and equipment	-	-	-	69,711	69,711
Right-of-use assets	-	-	-	1,573	1,573
Intangible assets - software	-	-	-	2,133	2,133
Non-current asset held for sale	-	-	-	6,600	6,600
Investment properties	-	-	-	29,528	29,528
Financial asset at FVOCI	532,996	-	-	-	532,996
Financial assets at FVTPL	-	101,362	-	-	101,362
Financial assets at amortised cost	-	-	667,624	-	667,624
Reinsurance assets	-	-	-	109,338	109,338
Insurance receivables	-	-	43,730	-	43,730
Other receivables	-	-	52,625	-	52,625
Deferred acquisition costs	-	-	-	29,196	29,196
Cash and short term deposits	-	-	66,266	-	66,266
Total assets	532,996	101,362	830,245	248,079	1,712,682
			Other financial liabilities	Liabilities not in scope of MFRS 9	Total
			RM'000	RM'000	RM'000
Liabilities					
Insurance contract liabilities	-	-	-	864,511	864,511
Tax liabilities	-	-	-	20,841	20,841
Deferred tax liabilities	-	-	-	5,069	5,069
Deferred acquisition costs - reinsurances	-	-	-	4,118	4,118
Insurance payables	-	-	54,635	-	54,635
Other payables	-	-	43,554	-	43,554
Lease liabilities	-	-	-	1,610	1,610
Total liabilities			98,189	896,149	994,338

LIBERTY INSURANCE BERHAD
(Incorporated in Malaysia)

18. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

	Financial assets at FVOCI	Financial assets at FVTPL	Financial assets at amortised cost	Assets not in scope of MFRS 9	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
As at 31.12.2019					
Assets					
Property and equipment	-	-	-	71,449	71,449
Right-of-use assets	-	-	-	2,180	2,180
Intangible assets - software	-	-	-	1,920	1,920
Non-current asset held for sale	-	-	-	6,600	6,600
Investment properties	-	-	-	29,528	29,528
Financial assets at FVOCI	417,628	-	-	-	417,628
Financial assets at FVTPL	-	60,080	-	-	60,080
Financial assets at amortised cost	-	-	798,978	-	798,978
Reinsurance assets	-	-	-	97,426	97,426
Insurance receivables	-	-	35,766	-	35,766
Other receivables	-	-	55,375	1,053	56,428
Deferred acquisition costs	-	-	-	31,918	31,918
Cash and short term deposits	-	-	29,244	-	29,244
Total assets	417,628	60,080	919,363	242,074	1,639,145
			Other financial liabilities	Liabilities not in scope of MFRS 9	Total
			RM'000	RM'000	RM'000
Liabilities					
Insurance contract liabilities	-	-	-	897,291	897,291
Tax liabilities	-	-	-	4,407	4,407
Deferred tax liabilities	-	-	-	2,866	2,866
Deferred acquisition costs - reinsurances	-	-	-	3,310	3,310
Insurance payables	-	-	37,898	-	37,898
Other payables	-	-	32,892	9,516	42,408
Lease liabilities	-	-	-	2,205	2,205
Total liabilities			70,790	919,595	990,385

LIBERTY INSURANCE BERHAD
(Incorporated in Malaysia)

19. REGULATORY CAPITAL REQUIREMENTS

The total capital available of the Company as at 30 June 2020, as prescribed under the RBC Framework is provided below:

	As at 30.06.2020 RM'000	As at 31.12.2019 RM'000
Eligible Tier 1 Capital:		
Share capital (paid up)	100,000	100,000
Retained earnings	587,537	523,797
	<u>687,537</u>	<u>623,797</u>
Tier 2 Capital:		
Asset revaluation reserve	20,088	20,088
FVOCI reserve	10,719	4,875
	<u>30,807</u>	<u>24,963</u>
Amounts deducted from capital	<u>(10,175)</u>	<u>(10,006)</u>
Total capital available	<u>708,169</u>	<u>638,754</u>