

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

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2017

16688-K

LIBERTY INSURANCE BERHAD
(Incorporated in Malaysia)

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UNAUDITED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	Note	As at 30.6.2017 Unaudited RM'000	As at 31.12.2016 Audited RM'000
ASSETS			
Property and equipment		61,784	60,160
Intangible assets - software		2,908	5,572
Investment properties	10	54,028	54,028
Available-for-sale financial assets	11	378,750	344,650
Loans and receivables	12	725,407	711,295
Reinsurance assets	13	157,600	165,320
Insurance receivables	14	55,095	28,023
Deferred tax assets		-	500
Deferred acquisition costs		32,217	29,760
Cash and short term deposits		67,849	88,929
Total assets		<u>1,535,638</u>	<u>1,488,237</u>
EQUITY AND LIABILITIES			
Share capital		100,000	100,000
Other reserves		18,961	16,444
Retained earnings		441,617	416,266
Total equity		<u>560,578</u>	<u>532,710</u>
LIABILITIES			
Insurance contract liabilities	15	895,008	844,342
Deferred tax liabilities		3,642	-
Deferred acquisition costs - reinsurance		4,382	5,143
Insurance payables		31,988	40,448
Other payables		36,595	56,345
Tax liabilities		3,445	9,249
Total liabilities		<u>975,060</u>	<u>955,527</u>
Total equity and liabilities		<u>1,535,638</u>	<u>1,488,237</u>

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

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UNAUDITED CONDENSED INTERIM STATEMENT OF INCOME
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2017

		6 months ended 30.6.2017 Unaudited RM'000	6 months ended 30.6.2016 Unaudited RM'000
Gross written premiums		343,260	325,500
Change in premium liabilities		(25,269)	(23,432)
Gross earned premiums (a)		<u>317,991</u>	<u>302,068</u>
Reinsurance premiums ceded		(61,590)	(69,309)
Change in premium liabilities		(9,509)	2,537
Premiums ceded to reinsurers (b)		<u>(71,099)</u>	<u>(66,772)</u>
Net earned premiums (a) - (b)		<u>246,892</u>	<u>235,296</u>
Investment income		22,952	19,604
Realised (losses) and gains		(2)	348
Fair value losses		-	(430)
Commission income		15,631	16,245
Other operating income		1,034	6,089
Other revenue		<u>39,615</u>	<u>41,856</u>
Gross claims paid	15	(169,833)	(151,808)
Claims ceded to reinsurers	15	31,155	29,838
Gross change to claims liabilities	15	(25,397)	(31,332)
Change in claims liabilities ceded to reinsurers	15	1,789	14,382
Net claims incurred		<u>(162,286)</u>	<u>(138,920)</u>
Commission expense		(33,956)	(32,573)
Management expenses		(57,399)	(56,840)
Other expenses		<u>(91,355)</u>	<u>(89,413)</u>
Profit before taxation		32,866	48,819
Tax expense		<u>(7,515)</u>	<u>(12,887)</u>
Net profit for the period		<u>25,351</u>	<u>35,932</u>
Basic and diluted earnings per share (sen)		<u>25.35</u>	<u>35.93</u>

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UNAUDITED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2017

		6 months ended 30.6.2017 Unaudited RM'000	6 months ended 30.6.2016 Unaudited RM'000
Net profit for the period		<u>25,351</u>	<u>35,932</u>
Other comprehensive income:			
Item that may be subsequently reclassified to profit or loss:			
<u>Available-for-sale ("AFS") reserve</u>			
Fair value gain of AFS financial assets	11(b)	<u>3,312</u>	<u>2,111</u>
		3,312	2,111
Tax effect on fair value gain of AFS financial assets		<u>(795)</u>	<u>(507)</u>
		2,517	1,604
Total comprehensive income for the period		<u>27,868</u>	<u>37,536</u>

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

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**UNAUDITED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2017**

	Issued and fully paid ordinary shares	Non-distributable		Distributable	
	Nominal value RM'000	Asset revaluation reserve RM'000	AFS reserve RM'000	Retained earnings RM'000	Total RM'000
At 1 January 2016	100,000	20,495	(2,622)	345,455	463,328
Total comprehensive income for the period	-	-	1,604	35,932	37,536
At 30 June 2016 (unaudited)	100,000	20,495	(1,018)	381,387	500,864
At 1 January 2017	100,000	20,469	(4,025)	416,266	532,710
Total comprehensive income for the period	-	-	2,517	25,351	27,868
At 30 June 2017 (unaudited)	100,000	20,469	(1,508)	441,617	560,578

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

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UNAUDITED CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2017

	Note	6 months ended 30.6.2017 Unaudited RM'000	6 months ended 30.6.2016 Unaudited RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit for the period		25,351	35,932
<u>Adjustment for non-cash items:</u>			
Property and equipment			
- depreciation		1,606	2,720
- gain on disposal		-	(379)
- written off		6	-
Amortisation of intangible assets		581	73
Fair value losses on investment properties		-	430
Interest income		(22,699)	(19,902)
Net rental (income)/expenses		(203)	446
Net accretion of discounts	11(b)	(50)	(148)
Write back of impairment allowance on insurance receivables		(402)	(303)
Bad debts written off		4	247
Recoveries of bad debts written off		(2)	-
Tax expense		7,515	12,887
		<u>11,707</u>	<u>32,003</u>
Purchase of available-for-sale financial assets	11(b)	(37,374)	-
Proceeds from maturity of available-for-sale financial assets	11(b)	6,733	154
Interest income received		26,908	17,979
Net rental income/(expenses)		203	(446)
Decrease/(Increase) in reinsurance assets	13	7,720	(16,919)
Increase in insurance receivables	14	(26,672)	(11,437)
Increase in deferred acquisition costs		(2,457)	(2,849)
Decrease in insurance payables		(8,460)	(9,386)
Increase in insurance contract liabilities	15	50,666	54,764
Increase in loans and receivables	12	(18,418)	(9,440)
Decrease in other payables		(19,750)	(19,385)

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UNAUDITED CONDENSED INTERIM STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2017

	6 months ended 30.6.2017 Unaudited RM'000	6 months ended 30.6.2016 Unaudited RM'000
(Decrease)/Increase in deferred acquisition costs-reinsurance	(761)	346
Cash (used in)/generated from operating activities	(9,955)	35,384
Income tax paid	(9,972)	(6,801)
Net cash (outflows)/inflows from operating activities	(19,927)	28,583
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(872)	(1,402)
Purchase of intangible assets - software	(281)	(847)
Purchase of investment property	-	(430)
Proceeds from disposal of property and equipment	-	840
Net cash outflows from investing activities	(1,153)	(1,839)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(21,080)	26,744
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	88,929	8,429
CASH AND CASH EQUIVALENTS AT END OF PERIOD	67,849	35,173

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

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2017

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 2016.

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 MFRS

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 2016, except for the adoption of the following Amendments to MFRSs:

Description	Effective Date
Amendments to MFRS 12 (Annual Improvements to MFRS Standards 2014-2016 Cycle)	1 January 2017
MFRS 107 Disclosures Initiatives (Amendments to MFRS 107)	1 January 2017
MFRS 112 Recognition of Deferred Tax for Unrealised Losses (Amendments to MFRS 112)	1 January 2017

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1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(i) Amendments to MFRS (continued)

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

(ii) Standards issued but not yet effective

The following are MFRSs and Amendments to MFRSs issued by MASB, but not yet effective. The Company intends to adopt the following relevant pronouncements when they become effective:

Description	Effective Date
Amendments to MFRS1 First-time Adoption of Malaysian Reporting Standards (Annual Improvements to MFRS Standards 2014-2016 Cycle)	1 January 2018
MFRS 2 Classification and Measurement of Share-based Payment Transactions (Amendments to MFRS 2)	1 January 2018
MFRS 9 Financial Instruments	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
Transfers of Investment Property (Amendments to MFRS 140)	1 January 2018
MFRS 16 Leases	1 January 2019
Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	1 January 2018
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The above standards and interpretations 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:

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1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) CHANGES IN ACCOUNTING POLICIES (CONTINUED)

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

MFRS 9 Financial Instruments

In November 2014, MASB issued the final version of MFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous versions of MFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory.

The adoption of MFRS 9 will have an impact on the classification and measurement of the Company's financial assets, but with no impact on the classification and measurement on the Company's financial liabilities. The Company is currently assessing the impact of MFRS 9 and is considering the options available as allowed under Amendments to MFRS 4.

MFRS 16 Leases

MFRS 16 will replace 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. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117.

At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Lessees will be required to recognise interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases.

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1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) CHANGES IN ACCOUNTING POLICIES (CONTINUED)

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

MFRS 16 Leases (continued)

MFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted but not before an entity applies MFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The Company is currently assessing the impact of MFRS 16 and plans to adopt the new standard on the required effective date.

Amendments to MFRS 4 Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts

In December 2016, the MASB issued amendments to MFRS 4 to address issues arising from the different effective dates of MFRS 9 and the upcoming new insurance contracts standard (MFRS 17). The amendments introduce two alternative options for entities issuing contracts within the scope of MFRS 4, notably a temporary exemption and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of MFRS 9 for annual periods beginning before 1 January 2021 at the latest. An entity may apply the temporary exemption from MFRS 9 if:

- (i) it has not previously applied any version of MFRS 9 before; and
- (ii) its activities are predominantly connected with insurance on its annual reporting date that immediately precedes 1 April 2016.

The overlay approach allows an entity applying MFRS 9 to reclassify between profit or loss and other comprehensive income an amount that results in the profit or loss at the end of the reporting period for the designated financial assets being the same as if an entity had applied MFRS 139 to these designated financial assets. An entity can apply the temporary exemption from MFRS 9 for annual periods beginning on or after 1 January 2018. An entity may start applying the overlay approach when it applies MFRS 9 for the first time. The Company meets the exemption requirement under the Amendment and is considering the options available.

2. COMMENTS ON SEASONALITY OR CYCLICALITY

The business operations of the Company are subject to the sales cycle of the insurance business.

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3. UNUSUAL ITEMS

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the interim period ended 30 June 2017.

4. CHANGES IN ESTIMATES

There were no material changes in the basis used for accounting estimates for the interim period ended 30 June 2017.

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 2017.

6. DIVIDENDS PAID

No dividends have been paid or declared by the Company for the financial year ended 31 December 2016.

The Board of Directors recommend an interim single-tier dividend of five sen per ordinary share on 100,000,000 ordinary shares amounting to RM5,000,000 for the interim period ended 30 June 2017.

The above recommendation has been approved by Bank Negara Malaysia ("BNM") on 14 September 2017. The interim financial statements for the period ended 30 June 2017 do not reflect this interim single-tier dividend, which will be accounted for as an appropriation of retained earnings in the financial year ending 31 December 2017 when the dividend payment is made.

7. EVENTS AFTER THE INTERIM PERIOD

On 22 February 2017, Malaysian Competition Commission ("MyCC") issued its Proposed decision under S36(1) of the CA finding that the Company along with PIAM and the other 21 Insurers have infringed the prohibition under section 4(2)(a) of the CA and has indicated a financial penalty of RM213 million on all the 22 Insurers. PIAM and its 22 insurers deny the Alleged infringement and maintain that they were following Bank Negara Malaysia's directive to PIAM to engage with The Federation of Automobile Workshop Owners' Association of Malaysia ("FAWOAM") in order to resolve issues related to parts trade discounts and labor hourly rates.

The Company has filed its written representation defending the position that there was no Alleged infringement committed by the Company.

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7. EVENTS AFTER THE INTERIM PERIOD (CONTINUED)

MyCC has set the first session of the oral representation to be held on 16 to 17 October 2017.

Save as disclosed above, the Company does not have any other significant event after the interim period.

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 2017.

9. CHANGES IN CONTINGENT LIABILITIES OR CONTINGENT ASSETS

The Company does not have any contingent assets or liabilities.

10. INVESTMENT PROPERTIES

	Freehold land and building RM'000	Leasehold land and building RM'000	Total RM'000
At fair value:			
At 1 January 2016	15,300	38,328	53,628
Additions at cost	-	430	430
Net fair value losses	-	(30)	(30)
At 31 December 2016/1 January 2017	15,300	38,728	54,028
Additions at cost	-	-	-
Net fair value losses	-	-	-
At 30 June 2017	15,300	38,728	54,028

During the financial year ended 31 December 2016, the Company revalued its freehold and long term leasehold properties which are held as investment properties based on independent valuation 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).

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10. 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 investment 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 into investment 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 carrying value of RM15,300,000 (2016: RM15,300,000) 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.

(a) Fair value hierarchy of Investment Properties

		Investment Properties Fair value measurements using significant unobservable inputs (Level 3)	
		As at 30.6.2017 RM'000	As at 31.12.2016 RM'000
Total loss for the period/year included in:			
Statement of Income			
-	Net fair value losses on investment properties	-	(30)

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

31.12.2016 Description	Fair Value RM'000	Valuation techniques	Unobservable inputs	Range
Commercial properties	8,800	Comparison approach	Estimated Value p.s.f	RM390 - RM569
Commercial properties	38,728	Comparison approach	Estimated Value p.s.f	RM515 - RM1300

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10. INVESTMENT PROPERTIES (CONTINUED)

(a) Fair value hierarchy of Investment Properties (continued)

31.12.2016 Description	Fair Value RM'000	Valuation techniques	Unobservable inputs	Range
Commercial land	6,500	Comparison approach	Estimated Value p.s.f	RM66 - RM101

An increase or decrease in the unobservable inputs used in the valuation might result in a correspondingly higher or lower fair value measurement.

11. AVAILABLE-FOR-SALE FINANCIAL ASSETS

(a) Available-for-sale ("AFS") financial assets comprise the following investments:

	As at 30.6.2017 RM'000	As at 31.12.2016 RM'000
<u>AFS financial asset</u>		
Debt securities:		
Malaysian government papers	171,727	170,653
Unquoted corporate debt securities in Malaysia	206,987	173,961
	<u>378,714</u>	<u>344,614</u>
 Unquoted equity securities in Malaysia	 36	 36
	<u>36</u>	<u>36</u>
 Total AFS financial asset	 <u>378,750</u>	 <u>344,650</u>

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11. AVAILABLE-FOR-SALE FINANCIAL ASSETS (CONTINUED)

(b) Carrying value of AFS financial assets

	AFS RM'000	Total RM'000
1 January 2016	161,125	161,125
Purchases	191,422	191,422
Maturity/Disposal	(8,155)	(8,155)
Accretion of discounts, net of amortisation of premium	171	171
Movement in accrued interest	1,894	1,894
Fair value loss recorded in:		
- Other comprehensive income	(1,843)	(1,843)
At 31 December 2016/1 January 2017	<u>344,614</u>	<u>344,614</u>
Purchases	37,374	37,374
Maturity/Disposal	(6,733)	(6,733)
Accretion of discounts, net of amortisation of premium	50	50
Movement in accrued interest	97	97
Fair value gain recorded in:		
- Other comprehensive income	3,312	3,312
At 30 June 2017	<u>378,714</u>	<u>378,714</u>

(c) Carrying value of AFS financial assets - Unquoted equity

	AFS RM'000	Total RM'000
1 January 2016	39	39
Fair value loss recorded in:		
- Other comprehensive income	(3)	(3)
At 31 December 2016/1 January 2017	<u>36</u>	<u>36</u>
Fair value loss recorded in:		
- Other comprehensive income	-	-
At 30 June 2017	<u>36</u>	<u>36</u>

The maturity structure of AFS financial assets (excluding unquoted equity securities) is as follows:

	As at 30.6.2017 RM'000	As at 31.12.2016 RM'000
Investments maturing within 12 months	25,253	10,066
Investments maturing after 12 months	<u>353,461</u>	<u>334,548</u>
	<u>378,714</u>	<u>344,614</u>

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11. AVAILABLE-FOR-SALE FINANCIAL ASSETS (CONTINUED)

(d) Fair value hierarchy of AFS financial assets

Recurring fair value measurements

The Company categorises its fair value measurements according to a three-level hierarchy. The hierarchy prioritises the inputs used by 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 price for unquoted stocks. Net Tangible Assets (NTA) method was used to value the stocks whereby net assets are divided by the share capital.

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11. AVAILABLE-FOR-SALE FINANCIAL ASSETS (CONTINUED)

(d) Fair value hierarchy of AFS financial assets (continued)

The following tables show financial assets recorded at fair value analysed by the different basis of fair values as follows:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
30 June 2017				
Malaysian government papers	-	171,727	-	171,727
Unquoted equity securities in Malaysia	-	-	36	36
Unquoted corporate debt securities in Malaysia	-	206,987	-	206,987
	<u>-</u>	<u>378,714</u>	<u>36</u>	<u>378,750</u>
31 December 2016				
Malaysian government papers	-	170,653	-	170,653
Unquoted equity securities in Malaysia	-	-	36	36
Unquoted corporate debt securities in Malaysia	-	173,961	-	173,961
	<u>-</u>	<u>344,614</u>	<u>36</u>	<u>344,650</u>

The reconciliation for unquoted equity measured at fair value based on significant unobservable inputs (Level 3) is as shown in Note 11(c).

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12. LOANS AND RECEIVABLES

	As at 30.6.2017 RM'000	As at 31.12.2016 RM'000
Staff loans:		
Staff housing loans (secured)	-	92
Staff loans (unsecured)	5	-
	<u>5</u>	<u>92</u>
Fixed and call deposits with licensed banks with original remaining tenure of more than 1 month	643,306	622,742
Accrued interest	14,302	18,608
	<u>657,608</u>	<u>641,350</u>
Other receivables:		
Malaysian Motor Insurance Pool ("MMIP" or "the Pool") balances*		
- Cash calls paid to MMIP	25,359	25,359
- Share of net assets held under MMIP	36,490	38,415
	61,849	63,774
MMIP commission receivable	1,461	1,665
Deposits	960	1,007
Prepayments	1,898	877
Other receivables	1,626	2,530
	<u>67,794</u>	<u>69,853</u>
Total loans and receivables	<u>725,407</u>	<u>711,295</u>

The maturity of loans and receivables (excluding other receivables) are as follows :

Maturing within 12 months	601,843	548,908
Maturing after 12 months	<u>55,770</u>	<u>92,534</u>

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

- * As a participating member of MMIP, the Company shares a proportion of the Pool's net assets/liabilities. At each reporting date, the Company accounts for its share of the assets, liabilities and performance of the Pool. The net assets held under MMIP represent the Company's share of the Pool's net assets, before insurance contract liabilities. The Company's share of the Pool's insurance contract liabilities is disclosed in Note 15. The net assets held under MMIP of the Company include cash contribution of RM25,359,477 (2016: RM25,359,477) made to MMIP. There was no surplus refunded by the Pool (2016: RM9,000,000) during the current interim period.

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13. REINSURANCE ASSETS

	As at 30.6.2017 RM'000	As at 31.12.2016 RM'000
Reinsurance of insurance contracts:		
Claims liabilities (Note 15)	114,153	112,364
Premium liabilities (Note 15)	43,447	52,956
	<u>157,600</u>	<u>165,320</u>

14. INSURANCE RECEIVABLES

	As at 30.6.2017 RM'000	As at 31.12.2016 RM'000
Due premium including agents, brokers and co-insurers balance	35,533	20,051
Due from reinsurers and cedants	22,768	11,822
	<u>58,301</u>	<u>31,873</u>
Accumulated impairment losses	(5,553)	(5,858)
	<u>52,748</u>	<u>26,015</u>
Knock-for-knock claims recoveries due from other insurers	2,395	2,155
Accumulated impairment losses	(48)	(147)
	<u>2,347</u>	<u>2,008</u>
	<u>55,095</u>	<u>28,023</u>

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15. INSURANCE CONTRACT LIABILITIES

	←	30.6.2017	→	←	31.12.2016	→
	Gross	Re-insurance	Net	Gross	Re-insurance	Net
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
General insurance	895,008	(157,600)	737,408	844,342	(165,320)	679,022

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

	←	30.6.2017	→	←	31.12.2016	→
	Gross	Re-insurance	Net	Gross	Re-insurance	Net
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Provision for claims	379,926	(86,168)	293,758	370,568	(90,656)	279,912
Provision for incurred but not reported ("IBNR") claims	186,035	(27,985)	158,050	169,996	(21,708)	148,288
Claims liabilities (i),(ii)	565,961	(114,153)	451,808	540,564	(112,364)	428,200
Premium liabilities (iii)	329,047	(43,447)	285,600	303,778	(52,956)	250,822
	895,008	(157,600)	737,408	844,342	(165,320)	679,022

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15. INSURANCE CONTRACT LIABILITIES (CONTINUED)

(i) Claims liabilities

	← Gross RM'000	30.6.2017 Re-insurance RM'000	→ Net RM'000	← Gross RM'000	31.12.2016 Re-insurance RM'000	→ Net RM'000
At 1 January 2017/2016	540,564	(112,364)	428,200	501,468	(118,265)	383,203
Claims incurred for the current accident period/year (direct and facultative)	198,108	(32,490)	165,618	358,150	(54,931)	303,219
Adjustment to claims incurred in prior accident years (direct and facultative)	(4,811)	593	(4,218)	(12,259)	645	(11,614)
Claims incurred during the period/ year (treaty inwards claims)	(64)	-	(64)	(8,581)	-	(8,581)
Movement in PRAD of claims liabilities at 75% confidence level	1,498	(1,047)	451	4,874	145	5,019
Movement in claims handling expenses	499	-	499	(138)	-	(138)
Claims paid during the period/year	(169,833)	31,155	(138,678)	(302,950)	60,042	(242,908)
At 30 June 2017/31 December 2016	565,961	(114,153)	451,808	540,564	(112,364)	428,200

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15. INSURANCE CONTRACT LIABILITIES (CONTINUED)

(ii) Claims liabilities by class of business

	← 30.6.2017	→ 31.12.2016	→
	Motor RM'000	Non-motor RM'000	Total RM'000
Gross claims liabilities	486,739	79,222	565,961
Reinsurance	(63,358)	(50,795)	(114,153)
Net claims liabilities	423,381	28,427	451,808
			Motor RM'000
			460,236
			(62,553)
			397,683
			Non-motor RM'000
			80,328
			(49,811)
			30,517
			Total RM'000
			540,564
			(112,364)
			428,200

(iii) Premium liabilities

	← 30.6.2017	→ 31.12.2016	→
	Gross RM'000	Re-insurance RM'000	Net RM'000
At 1 January 2017/2016	303,778	(52,956)	250,822
Premiums written during the period/year	343,260	(61,590)	281,670
Premiums earned during the period/year	(317,991)	71,099	(246,892)
At 30 June 2017/31 December 2016	329,047	(43,447)	285,600
			Gross RM'000
			291,785
			(54,003)
			237,782
			Re-insurance RM'000
			(127,388)
			128,435
			(482,991)
			250,822

As at 30 June 2017, the insurance contract liabilities above include the Company's share of MMIP's claims and premium liabilities amounting to RM48,967,357 (2016:RM53,107,586) and RM4,618,764 (2016: RM4,953,797) respectively. The Company's net assets arising from its participation in the Pool (excluding claims and premium liabilities) is detailed in Note 12.

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16. COMMITMENTS

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

	As at 30.6.2017 RM'000	As at 31.12.2016 RM'000
Authorised by the Directors and contracted for:		
- Property and equipment	467	901
Authorised by the Directors but not contracted for:		
- Property and equipment	7,592	-
	<u>8,059</u>	<u>901</u>

(b) Operating lease commitments

(i) The Company as lessee

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

	As at 30.6.2017 RM'000	As at 31.12.2016 RM'000
Not later than 1 year	3,730	3,704
Later than 1 year and no later than 5 years	2,573	3,628
	<u>6,303</u>	<u>7,332</u>

(ii) The Company as lessor

The Company has entered into a lease agreement on its properties. The lease has remaining lease term of between 1 to 3 years. 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 :

	As at 30.6.2017 RM'000	As at 31.12.2016 RM'000
Not later than 1 year	1,645	1,524
Later than 1 year and no later than 3 years	1,799	1,970
	<u>3,444</u>	<u>3,494</u>

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17. SIGNIFICANT RELATED PARTY DISCLOSURES

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

	As at 30.6.2017 RM'000	As at 31.12.2016 RM'000
Transaction with non-controlling shareholders		
Reinsurance ceded premium	1,126	2,175
Reinsurance commission received	(333)	(634)
Reinsurance claims recovery	(282)	(746)
	<u>12</u>	<u>20</u>
Reinsurance receivables	(344)	(112)
Reinsurance payables		

RELATED PARTY DISCLOSURES - LIBERTY GROUP

Transactions with Group Companies:

Reinsurance ceded premium		
- Liberty Mutual Insurance Europe Ltd (Labuan Branch)	-	85
- Liberty Insurance Pte Ltd, Singapore	2,795	2,732
- Liberty International Underwriters Pte Ltd. (Labuan Branch)	144	200
- Liberty Mutual Insurance Co Boston	2,604	5,697
- Liberty (Lloyd's Syndicate 4472)	811	1,049
	<u>6,354</u>	<u>9,763</u>

Reinsurance commission received

- Liberty Mutual Insurance Europe Ltd (Labuan Branch)	-	(15)
- Liberty Insurance Pte Ltd, Singapore	(249)	(257)
- Liberty International Underwriters Pte Ltd. (Labuan Branch)	(8)	(17)
- Liberty Mutual Insurance Co Boston	(683)	(1,462)
- Liberty (Lloyd's Syndicate 4472)	(243)	(302)
	<u>(1,183)</u>	<u>(2,053)</u>

Reinsurance claims recovery

- Liberty Insurance Pte. Ltd, Singapore	(184)	(48)
- Liberty Mutual Insurance Co Boston	(954)	(623)
	<u>(1,138)</u>	<u>(671)</u>

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17. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

RELATED PARTY DISCLOSURES - LIBERTY GROUP (CONTINUED)

	As at 30.6.2017 RM'000	As at 31.12.2016 RM'000
EDP expenses		
- Liberty Mutual Insurance Company	300	547
	<u>300</u>	<u>547</u>
Staff salaries		
- Liberty Mutual Insurance Company	30	345
	<u>30</u>	<u>345</u>
Reinsurance receivables		
- Liberty Insurance Pte Ltd, Singapore	4,778	3,568
- Liberty Mutual Insurance Co Boston	63	1
	<u>4,841</u>	<u>3,569</u>
Reinsurance payables		
- Liberty Insurance Pte Ltd, Singapore	(440)	(236)
- Liberty International Underwriters Pte Ltd. (Labuan Branch)	(9)	(2)
- Liberty Mutual Insurance Co Boston	(314)	(517)
	<u>(763)</u>	<u>(755)</u>

The balances with the related parties above are unsecured, interest free, repayable in accordance with the terms of the relevant contracts and are included in insurance receivables (Note 14), other receivables (Note 12) and insurance payables.

	As at 30.6.2017 RM'000	As at 31.12.2016 RM'000
Other receivables		
- Liberty Mutual Insurance Company	179	-
	<u>179</u>	<u>-</u>
Other payables		
- Liberty Mutual Insurance Company	-	(48)
	<u>-</u>	<u>(48)</u>

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18. FINANCIAL INSTRUMENTS BY CATEGORY

	AFS	LAR	Assets not in scope of MFRS 139	Total
	RM'000	RM'000	RM'000	RM'000
As at 30.6.2017				
Assets				
Property and equipment	-	-	61,784	61,784
Intangible assets - software	-	-	2,908	2,908
Investment properties	-	-	54,028	54,028
AFS financial assets	378,750	-	-	378,750
Loans and receivables	-	723,509	1,898	725,407
Reinsurance assets	-	-	157,600	157,600
Insurance receivables	-	55,095	-	55,095
Deferred tax assets	-	-	-	-
Deferred acquisition costs	-	-	32,217	32,217
Cash and short term deposits	-	67,849	-	67,849
Total assets	378,750	846,453	310,435	1,535,638
Liabilities				
	Other financial	Liabilities not		
	liabilities	in scope of		
	RM'000	MFRS 139		
		RM'000		
Insurance contract liabilities	-	895,008		895,008
Deferred tax liabilities	-	3,642		3,642
Deferred acquisition costs - reinsurance	-	4,382		4,382
Insurance payables	31,988	-		31,988
Other payables	36,595	-		36,595
Tax liabilities	-	3,445		3,445
Total liabilities	68,583	906,477		975,060

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18. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

	AFS	LAR	Assets not in scope of MFRS 139	Total
	RM'000	RM'000	RM'000	RM'000
As at 31.12.2016				
Assets				
Property and equipment	-	-	60,160	60,160
Intangible assets - software	-	-	5,572	5,572
Investment properties	-	-	54,028	54,028
AFS financial assets	344,650	-	-	344,650
Loans and receivables	-	710,418	877	711,295
Reinsurance assets	-	-	165,320	165,320
Insurance receivables	-	28,023	-	28,023
Deferred tax assets	-	-	500	500
Deferred acquisition costs	-	-	29,760	29,760
Cash and short term deposits	-	88,929	-	88,929
Total assets	344,650	827,370	316,217	1,488,237
Liabilities				
	Other financial liabilities	Liabilities not in scope of MFRS 139	Total	
	RM'000	RM'000	RM'000	
Insurance contract liabilities	-	844,342	844,342	
Deferred acquisition costs - reinsurance	-	5,143	5,143	
Insurance payables	40,448	-	40,448	
Other payables	56,345	-	56,345	
Tax liabilities	-	9,249	9,249	
Total liabilities	96,793	858,734	955,527	

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19. REGULATORY CAPITAL REQUIREMENTS

The total capital available of the Company as at 30 June 2017, as prescribed under the RBC Framework is provided below:

	As at 30.6.2017 RM'000	As at 31.12.2016 RM'000
Eligible Tier 1 Capital:		
Share capital (paid up)	100,000	100,000
Retained earnings	441,617	416,266
	<u>541,617</u>	<u>516,266</u>
Tier 2 Capital:		
Asset revaluation reserve	20,469	20,469
AFS reserve	(1,508)	(4,025)
	<u>18,961</u>	<u>16,444</u>
Amounts deducted from capital	(9,921)	(16,752)
Total capital available	<u>550,657</u>	<u>515,958</u>