



MCIS INSURANCE BERHAD
(435318-U)
(Incorporated in Malaysia)

Unaudited Condensed Interim Financial Statements
For the six-month period ended 30 June 2020

435318-U

**MCIS Insurance Berhad
(Incorporated in Malaysia)**

Contents	Pages
Unaudited condensed statement of financial position	1
Unaudited condensed income statement	2
Unaudited condensed statement of changes in equity	3
Unaudited condensed statement of cash flows	4 - 5
Notes to the unaudited condensed interim financial statements	6- 25

435318-U

MCIS Insurance Berhad
(Incorporated in Malaysia)

Unaudited condensed statement of financial position
As at 30 June 2020

	Note	30.06.2020	31.12.2019
		RM'000	RM'000
Assets			
Property and equipment		46,013	40,382
Investment properties		2,050	7,050
Right-of-use assets		15,156	17,286
Intangible assets		7,195	8,271
Investments	3	4,431,716	4,495,698
Reinsurance assets	4	29,986	17,266
Insurance receivables		90,923	37,293
Other receivables		39,079	40,007
Tax recoverable		1,422	1,809
Cash and bank balances		18,974	32,526
		<u>4,682,514</u>	<u>4,697,588</u>
Non-current assets held for sale		13,823	9,281
Total assets		<u>4,696,337</u>	<u>4,706,869</u>
Equity			
Share capital		125,024	125,024
Retained profits		155,274	150,600
Merger reserves		40,672	40,672
Revaluation reserves		687	687
		<u>321,657</u>	<u>316,983</u>
Revaluation reserves associated with non-current assets held for sale		3,391	3,391
Total equity		<u>325,048</u>	<u>320,374</u>
Liabilities			
Insurance contract liabilities	5	4,064,413	4,070,587
Deferred tax liabilities		35,590	33,633
Lease liabilities		15,685	17,506
Insurance payables		183,218	154,576
Other payables		72,383	110,193
Total liabilities		<u>4,371,289</u>	<u>4,386,495</u>
Total equity and liabilities		<u>4,696,337</u>	<u>4,706,869</u>

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Company for the year ended 31 December 2019 and the accompanying explanatory notes on pages 6 to 25 attached to the unaudited condensed interim financial statements.

435318-U

MCIS Insurance Berhad
(Incorporated in Malaysia)

Unaudited condensed income statement
For the six-month period ended 30 June 2020

	01.01.2020	01.01.2019
	to	to
Note	30.06.2020	30.06.2019
	RM'000	RM'000
Gross earned premiums	324,273	303,312
Premiums ceded to reinsurers	<u>(29,418)</u>	<u>(25,193)</u>
Net earned premiums	<u>294,855</u>	<u>278,119</u>
Investment income	91,827	99,596
Realised (losses)/gains	(6,582)	4,332
Fair value gains	26,457	181,684
Other operating revenue	<u>62</u>	<u>350</u>
Other revenue	<u>111,764</u>	<u>285,962</u>
Gross benefits and claims paid	(333,482)	(325,867)
Claims ceded to reinsurers	16,344	18,892
Gross change in insurance contract liabilities	6,283	(142,573)
Change in insurance contract liabilities ceded to reinsurers	<u>12,720</u>	<u>1,815</u>
Net benefits and claims	<u>(298,135)</u>	<u>(447,733)</u>
Fee and commission expenses	(42,333)	(41,409)
Other operating expenses	(2,290)	(2,041)
Management expenses	(51,107)	(47,875)
Interest expense on lease liabilities	(419)	(492)
Taxation of life insurance business	<u>(5,786)</u>	<u>(17,523)</u>
Other expenses	<u>(101,935)</u>	<u>(109,340)</u>
Profit before taxation	6,549	7,008
Taxation	<u>(1,875)</u>	<u>(1,825)</u>
Net profit for the period/ Total comprehensive income for the period	<u>4,674</u>	<u>5,183</u>
Earnings per share (sen)		
Basic and diluted	6	<u>4.66</u> <u>5.17</u>

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Company for the year ended 31 December 2019 and the accompanying explanatory notes on pages 6 to 25 attached to the unaudited condensed interim financial statements.

435318-U

MCIS Insurance Berhad
(Incorporated in Malaysia)
Unaudited condensed statement of changes in equity
For the six-month period ended 30 June 2020

Note	Non-distributable				Distributable			Total equity RM'000
	Share capital RM'000	Merger reserve RM'000	Revaluation reserves of non-participating funds RM'000	Revaluation reserves associated with non-current assets held for sale RM'000	Unallocated surplus of non-participating funds RM'000	Retained profits of shareholders' fund RM'000	Sub-total RM'000	
At 1 January 2019	125,024	40,672	4,421	-	48,151	95,108	143,259	313,376
Net profit for the period	-	-	-	-	(1,700)	6,883	5,183	5,183
At 30 June 2019	<u>125,024</u>	<u>40,672</u>	<u>4,421</u>	<u>-</u>	<u>46,451</u>	<u>101,991</u>	<u>148,442</u>	<u>318,559</u>
At 1 January 2020	125,024	40,672	687	3,391	51,407	99,193	150,600	320,374
Net profit for the period	-	-	-	-	2	4,672	4,674	4,674
At 30 June 2020	<u>125,024</u>	<u>40,672</u>	<u>687</u>	<u>3,391</u>	<u>51,409</u>	<u>103,865</u>	<u>155,274</u>	<u>325,048</u>

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Company for the year ended 31 December 2019 and the accompanying explanatory notes on pages 6 to 25 attached to the unaudited condensed interim financial statements.

MCIS Insurance Berhad
(Incorporated in Malaysia)

Unaudited condensed statement of cash flows
For the six-month period ended 30 June 2020

	01.01.2020	01.01.2019
	to	to
	30.06.2020	30.06.2019
	RM'000	RM'000
Profit before taxation	6,549	7,008
<i>Adjustments for:</i>		
Taxation of life insurance business	5,786	17,523
Investment income	(91,827)	(99,596)
Interest expense on lease liabilities	419	492
Realised losses/(gains)	6,582	(4,332)
Fair value gains	(26,457)	(181,684)
Purchases of FVTPL financial instruments	(1,010,280)	(319,852)
Proceeds from sale of FVTPL financial instruments	1,021,115	587,862
Decrease in amortised cost	14,449	14,176
Investment income received	93,749	100,312
Loss on disposal of non-current assets held for sale	46	-
Non-cash items:		
Depreciation of property and equipment	2,047	1,234
Amortisation of intangible assets	1,076	976
Amortisation of right-of-use assets	1,959	1,953
PPE written off for non-current assets held for sale	184	11
Net amortisation of investments	3,155	2,823
Impairment loss/(Write back) on loans receivables	904	(1,801)
Changes in working capital:		
(Increase)/Decrease in assets:		
Reinsurance assets	(12,720)	(1,815)
Insurance receivables	(53,630)	(27,402)
Other receivables	(994)	10,677
(Decrease)/Increase in liabilities:		
Insurance contract liabilities	(6,283)	142,573
lease liabilities	-	(2,213)
Insurance payables	28,642	15,309
Other payables	(37,810)	(18,772)
Cash generated (used in)/from operating activities	<u>(53,339)</u>	<u>245,462</u>
Interest paid	(419)	-
Income tax paid	(5,207)	(7,420)
Net cash flows generated (used in)/from operating activities	<u>(58,965)</u>	<u>238,042</u>

MCIS Insurance Berhad
(Incorporated in Malaysia)

Unaudited condensed statement of cash flows
For the six-month period ended 30 June 2020 (cont'd.)

	01.01.2020 to 30.06.2020 RM'000	01.01.2019 to 30.06.2019 RM'000
Investing activities		
Net proceeds from disposal of non-current assets held for sale	1,264	-
Uplift of monies and interest thereof in relation to the proceeds from disposal of general insurance business*	8,261	75
Purchase of property and equipment	(8,543)	(3,631)
Purchase of intangible assets	-	(5)
Net cash flows from/(used in) investing activities	<u>982</u>	<u>(3,561)</u>
Financing activity		
Payment of principal portion of lease liabilities	<u>(1,821)</u>	-
Net cash flows used in financing activity	<u>(1,821)</u>	-
Cash and cash equivalents		
Net (decrease)/increase in cash and cash equivalents	(59,804)	234,481
Cash and cash equivalents at beginning of period	<u>611,696</u>	<u>165,030</u>
Cash and cash equivalents at end of period	<u>551,892</u>	<u>399,511</u>
Cash and cash equivalents comprise of:		
Cash and bank balances	18,974	34,635
Less: Cash restricted in use*	-	(8,187)
	<u>18,974</u>	<u>26,448</u>
Short term deposits with original maturity periods of less than 3 months	<u>532,918</u>	<u>373,063</u>
	<u>551,892</u>	<u>399,511</u>

* Cash restricted in use in previous year represents placement monies which were encumbered, by virtue of being held to meet any potential indemnity claims in relation to the sale of the general insurance business in previous financial year. This indemnity has ended as at 28 February 2020 and accordingly, the Company has been discharged from the liability. As a result, the monies are unencumbered and unrestricted with respect to use beginning 1 March 2020.

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Company for the year ended 31 December 2019 and the accompanying explanatory notes on pages 6 to 25 attached to the unaudited condensed interim financial statements.

MCIS Insurance Berhad
(Incorporated in Malaysia)

Notes to the unaudited condensed interim financial statements
For the six-month period ended 30 June 2020

1. Basis of preparation

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

The unaudited condensed interim financial statements of the Company have been prepared under the historical cost convention, unless otherwise stated in the accounting policies.

As at the reporting date, the Company has met the minimum capital adequacy requirements as prescribed under the Risk-Based Capital ("RBC") Framework issued by Bank Negara Malaysia ("BNM").

The unaudited condensed interim financial statements do not include all 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 year ended 31 December 2019.

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

2. Accounting policies

The accounting policies and presentation adopted by the Company for the condensed interim financial statements are consistent with those adopted in the Company's audited financial statements for the financial year ended 31 December 2019, except as follows:

On 1 January 2020, the Company adopted the following MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2020:

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2020:

- (i) Amendments to MFRS 3: *Definition of a Business*
- (ii) Amendments to MFRS 9, MFRS 139 and MFRS 7: *Interest Rate Benchmark Reform*
- (iii) Amendments to MFRS 101: *Definition of Material*
- (iv) Amendments to MFRS 108: *Definition of Material*
- (v) *Annual Improvement to MFRS Standards 2018-2020*

MCIS Insurance Berhad
(Incorporated in Malaysia)

2. Accounting policies (cont'd.)

Items (i) and (ii) are not applicable to the Company. The initial application of the remaining standards, amendments and interpretations do not have any material impacts to the current and prior period's financial statements upon their first adoption.

Standards issued but not yet effective

The Company has not early adopted any standards, interpretations or amendments that has been issued but is not yet effective.

3. Investments

	30.06.2020	31.12.2019
	RM'000	RM'000
Malaysian Government securities	955,206	958,297
Government investment issues	211,583	190,850
Malaysian Government guaranteed bonds	562,363	532,894
Unquoted debts securities	1,487,817	1,428,685
Quoted equity securities	256,245	357,827
Quoted exchange traded funds	45,779	46,633
Quoted unit and property trust funds	73,116	76,420
Unquoted equity securities	16,690	15,890
Unquoted unit trust funds	46,285	41,707
Deposits with financial institutions	533,830	588,330
Loans receivables	242,802	258,165
Total	<u>4,431,716</u>	<u>4,495,698</u>

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

FVTPL	4,188,914	4,237,533
Amortised cost	242,802	258,165
	<u>4,431,716</u>	<u>4,495,698</u>

MCIS Insurance Berhad
(Incorporated in Malaysia)

3. Investments (cont'd.)

	30.06.2020	31.12.2019
	RM'000	RM'000
(a) FVTPL		
Mandatorily measured:		
Quoted equity securities	256,245	357,827
Quoted exchange traded funds	45,779	46,633
Quoted unit and property trust funds	73,116	76,420
Unquoted equity securities	16,690	15,890
Unquoted unit trust funds	46,285	41,707
	<u>438,115</u>	<u>538,477</u>
Designated upon initial recognition:		
Malaysian Government securities	955,206	958,297
Government investment issues	211,583	190,850
Malaysian Government guaranteed bonds	562,363	532,894
Unquoted debt securities	1,487,817	1,428,685
Deposits with financial institutions	533,830	588,330
	<u>3,750,799</u>	<u>3,699,056</u>
	<u>4,188,914</u>	<u>4,237,533</u>

Included in deposits with financial institutions of the Company are short term deposits with original maturity periods of less than 3 months amounting to RM532,918,000 (31.12.2019: RM587,431,000), which have been classified as cash and cash equivalents for the purpose of the statement of cash flows.

(b) Amortised cost

Loans receivables:		
Policy loans	242,079	256,472
Mortgage loans	3,357	3,423
Other loans	144	145
	245,580	260,040
Loss allowances	(2,778)	(1,875)
	<u>242,802</u>	<u>258,165</u>

MCIS Insurance Berhad
(Incorporated in Malaysia)

3. Investments (cont'd.)

(b) Amortised cost (cont'd.)

The carrying value of the policy loans and other loans are reasonable approximations of fair value due to the insignificant impact of discounting.

The fair values of the mortgage loans have been established by comparing current market interest rates for similar financial instruments to the rates offered when the mortgage loans were first recognised together with appropriate market credit adjustments. As there are no significant differences between these rates, the carrying value of mortgage loans approximates fair value as at 30 June 2020 and 31 December 2019.

4. Reinsurance assets

	30.06.2020	31.12.2019
	RM'000	RM'000
Reinsurance of insurance contracts (Note 5(i))	29,986	17,266
	<u>29,986</u>	<u>17,266</u>

435318-U

**MCIS Insurance Berhad
(Incorporated in Malaysia)**

5. Insurance contract liabilities

The life insurance contract liabilities and its movements are further analysed as follows:

	<----- 30.06.2020 ----->			<----- 31.12.2019 ----->		
	Reinsurance		Net	Reinsurance		Net
	Gross RM'000	(Note 4) RM'000	RM'000	Gross RM'000	(Note 4) RM'000	RM'000
Provision for benefits and claims	113,454	(5,190)	108,264	110,415	(6,111)	104,304
Actuarial liabilities - Participating fund	2,973,005	(647)	2,972,358	3,038,384	(704)	3,037,680
Actuarial liabilities - Non participating fund	389,322	(24,149)	365,173	336,293	(10,451)	325,842
	3,362,327	(24,796)	3,337,531	3,374,677	(11,155)	3,363,522
Participating fund unallocated surplus	369,660	-	369,660	371,856	-	371,856
Participating fund asset revaluation reserves	16,657	-	16,657	17,907	-	17,907
Net asset value ("NAV") attributable to unitholders	202,315	-	202,315	195,732	-	195,732
	<u>4,064,413</u>	<u>(29,986)</u>	<u>4,034,427</u>	<u>4,070,587</u>	<u>(17,266)</u>	<u>4,053,321</u>

MCIS Insurance Berhad
(Incorporated in Malaysia)

5. Insurance contract liabilities (cont'd.)

Movements of life insurance contract liabilities

	Provision for benefits and claims RM'000	Actuarial liabilities RM'000	Participating fund unallocated surplus RM'000	Non Participating fund unallocated surplus RM'000	Participating fund asset revaluation reserves RM'000	NAV attributable to unitholders RM'000	Gross liabilities RM'000	Reinsurance RM'000	Net liabilities RM'000
30 June 2020									
As at 1 January 2020	110,415	3,374,677	371,856	-	17,907	195,732	4,070,587	(17,266)	4,053,321
Net earned premiums	-	-	144,544	127,892	-	22,419	294,855	-	294,855
Other revenue	-	-	98,571	10,863	-	(7,037)	102,397	-	102,397
Net benefits and claims	3,039	-	(259,159)	(52,447)	-	(9,338)	(317,905)	921	(316,984)
Other expenses	-	-	(47,211)	(46,218)	-	(23)	(93,452)	-	(93,452)
Policy movement	-	(7,263)	59,108	(51,845)	-	-	-	-	-
Interest rate	-	6,488	512	(7,000)	-	-	-	-	-
Adjustments due to changes in other assumptions	-	(11,575)	5,700	19,516	-	-	13,641	(13,641)	-
Changes in asset revaluation reserves									
- non-current assets held for sale	-	-	1,359	-	(1,359)	-	-	-	-
Taxation on asset revaluation reserves	-	-	-	-	109	-	109	-	109
Taxation on taxable investment income	-	-	(5,620)	(728)	-	562	(5,786)	-	(5,786)
Reclassification of unallocated surplus of non-participating funds to shareholders' fund	-	-	-	(33)	-	-	(33)	-	(33)
As at 30 June 2020	113,454	3,362,327	369,660	-	16,657	202,315	4,064,413	(29,986)	4,034,427

MCIS Insurance Berhad
(Incorporated in Malaysia)

5. Insurance contract liabilities (cont'd.)

Movements of life insurance contract liabilities (cont'd.)

	Provision for benefits and claims	Actuarial liabilities	Participating fund unallocated surplus	Non participating fund unallocated surplus	Participating fund asset revaluation reserves	NAV attributable to unitholders	Gross liabilities	Reinsurance	Net liabilities
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31 December 2019									
As at 1 January 2019	116,275	3,447,425	273,892	-	20,576	167,171	4,025,339	(10,111)	4,015,228
Net earned premiums	-	-	312,554	190,063	-	45,473	548,090	-	548,090
Other revenue	-	-	340,643	35,428	-	13,432	389,503	-	389,503
Net benefits and claims	11,813	-	(500,741)	(115,691)	-	(29,193)	(633,812)	(6,109)	(639,921)
Other expenses	-	-	(110,714)	(80,878)	-	(47)	(191,639)	-	(191,639)
Policy movements	-	(102,342)	108,100	(5,758)	-	-	-	-	-
Other movements	(17,673)	-	-	-	-	-	(17,673)	-	(17,673)
Interest rate	-	18,718	-	(18,718)	-	-	-	-	-
Adjustments due to changes in assumptions	-	10,876	(12,214)	2,384	-	-	1,046	(1,046)	-
Changes in asset revaluation reserves									
- property and equipment	-	-	1,477	-	(2,882)	-	(1,405)	-	(1,405)
- non-current assets held for sale	-	-	-	-	(18)	-	(18)	-	(18)
Taxation on asset revaluation reserves	-	-	-	-	231	-	231	-	231
Taxation on taxable investment income	-	-	(24,425)	(2,598)	-	(1,104)	(28,127)	-	(28,127)
Participating fund surplus transferred to shareholders' fund	-	-	(16,716)	-	-	-	(16,716)	-	(16,716)
Reclassification of unallocated surplus of non-participating funds to shareholders' fund	-	-	-	(4,232)	-	-	(4,232)	-	(4,232)
As at 31 December 2019	110,415	3,374,677	371,856	-	17,907	195,732	4,070,587	(17,266)	4,053,321

MCIS Insurance Berhad
(Incorporated in Malaysia)

6. Earnings per share

Earnings per share is calculated by dividing profit for the financial period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial period.

	01.01.2020 to 30.06.2020	01.01.2019 to 30.06.2019
Profit attributable to ordinary equity holders (RM'000)	4,674	5,183
Weighted average number of shares in issue ('000)	100,284	100,284
Basic and diluted earnings per share (sen)	<u>4.66</u>	<u>5.17</u>

There were no potential dilutive ordinary shares as at the reporting date.

There have been no other transactions involving ordinary shares between the reporting date and the date of issuance of these unaudited condensed interim financial statements.

7. Capital commitments

	30.06.2020 RM'000	31.12.2019 RM'000
Approved and contracted for:		
Property and equipment	-	53
Intangible assets	4,479	6,049
	<u>4,479</u>	<u>6,102</u>
Approved but not contracted for:		
Property and equipment	16,508	19,496
Intangible assets	8,976	9,972
	<u>25,484</u>	<u>29,468</u>

MCIS Insurance Berhad
(Incorporated in Malaysia)

8. Significant related party disclosures

The related parties and their relationship with the Company as at 30 June 2020 are as follows:

Name	Relationship
SEM	Immediate holding company
Koperasi MCIS Berhad	Corporate shareholder
Pacific & Orient Insurance Co. Berhad	Associate of SEM
Sanlam Life Insurance Limited ("Sanlam Life")	Holding company of SEM

The Directors are of the opinion that the related party transactions were carried out on terms and conditions no more favourable than those available on similar transactions with unrelated parties, unless otherwise stated.

	01.01.2020	01.01.2019
	to	to
	30.06.2020	30.06.2019
	RM'000	RM'000
Transactions with related parties:		
(i) Rental expenses payable to:		
Koperasi MCIS Berhad	<u>(1,921)</u>	<u>(1,970)</u>
(ii) Premium for insurance cover paid to:		
Pacific & Orient Insurance Co. Berhad	<u>(36)</u>	<u>(36)</u>
(iii) Reimbursable cost payable to:		
Sanlam Life Insurance Limited	<u>(178)</u>	<u>-</u>
(iv) Directors' allowances to:		
SEM	<u>-</u>	<u>(29)</u>
(v) Secretarial fees recoverable from:		
SEM	<u>-</u>	<u>14</u>

9. Regulatory capital requirement

The capital structure of the Company as prescribed under the RBC Framework is provided below:

	30.06.2020	31.12.2019
	RM'000	RM'000
<u>Eligible Tier 1 Capital</u>		
Share capital (paid-up)	125,024	125,024
Reserves, including retained earnings	970,403	1,006,119
	<u>1,095,427</u>	<u>1,131,143</u>
<u>Tier 2 Capital</u>		
Eligible reserves	21,593	22,843
Deductions	(8,948)	(17,734)
Total capital available	<u>1,108,072</u>	<u>1,136,252</u>

MCIS Insurance Berhad
(Incorporated in Malaysia)

10. Fair value measurement

The following table provides the fair value measurement hierarchy of the Company's assets:

	Date of valuation	Fair value measurement using			Total fair value RM'000
		Level 1 - Quoted market price in active market RM'000	Level 2 - Significant observable inputs RM'000	Level 3 - Significant unobservable inputs RM'000	
30 June 2020					
Assets measured at fair value:					
Investment properties	July/December 2019	-	-	2,050	2,050
FVTPL:					
Malaysian Government securities	30 June 2020	-	955,206	-	955,206
Government investment issues	30 June 2020	-	211,583	-	211,583
Malaysian Government guaranteed bonds	30 June 2020	-	562,363	-	562,363
Unquoted debt securities	30 June 2020	-	1,487,817	-	1,487,817
Quoted equity securities	30 June 2020	256,245	-	-	256,245
Quoted exchange traded funds	30 June 2020	45,779	-	-	45,779
Unquoted equity securities	30 June 2020	-	-	16,690	16,690
Quoted unit and property trust funds	30 June 2020	73,116	-	-	73,116
Unquoted unit trust funds	30 June 2020	-	46,285	-	46,285
Deposits with financial institutions	30 June 2020	-	533,830	-	533,830
		375,140	3,797,084	16,690	4,188,914
Assets measured at revalued amounts:					
- Property and equipment	December 2019	-	-	15,387	15,387
		375,140	3,797,084	34,127	4,206,351

MCIS Insurance Berhad
(Incorporated in Malaysia)

10. Fair value measurement (cont'd.)

The following table provides the fair value measurement hierarchy of the Company's assets: (cont'd.)

	Date of valuation	Fair value measurement using			Total fair value RM'000
		Level 1 - Quoted market price in active market RM'000	Level 2 - Significant observable inputs RM'000	Level 3 - Significant unobservable inputs RM'000	
Assets measured at fair value:					
Investment properties	July/December 2019	-	-	7,050	7,050
FVTPL:					
Malaysian Government securities	31 December 2019	-	958,297	-	958,297
Government investment issues	31 December 2019	-	190,850	-	190,850
Malaysian Government guaranteed bonds	31 December 2019	-	532,894	-	532,894
Unquoted debt securities	31 December 2019	-	1,428,685	-	1,428,685
Quoted equity securities	31 December 2019	357,827	-	-	357,827
Quoted exchange traded funds	31 December 2019	46,633	-	-	46,633
Unquoted equity securities	31 December 2019	-	-	15,890	15,890
Quoted unit and property trust funds	31 December 2019	76,420	-	-	76,420
Unquoted unit trust funds	31 December 2019	-	41,707	-	41,707
Deposits with financial institutions	31 December 2019	-	588,330	-	588,330
		480,880	3,740,763	15,890	4,237,533
Assets measured at revalued amounts:					
- Property and equipment	December 2019	-	-	16,223	16,223
- Right-of-use assets	December 2019	-	-	177	177
		480,880	3,740,763	39,340	4,260,983

The Company categorises its fair value measurements in accordance to the fair value hierarchy which is based on the priority of inputs to the valuation. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets, a lower priority to valuation techniques based on observable inputs and the lowest priority to valuation techniques based on unobservable inputs. An active market for the asset is a market in which transactions for the asset occur with sufficient frequency and volume to provide reliable pricing information on an on-going basis.

**MCIS Insurance Berhad
(Incorporated in Malaysia)**

10. Fair value measurement (cont'd.)

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 - Quoted prices in active markets

Fair value measurements that reflect unadjusted, quoted prices in active markets for identical assets 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.

Included in the quoted category are financial instruments that are measured in whole or in part by reference to quoted market bid prices. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange.

Level 2 - Valuation technique supported by observable inputs

Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the financial assets or financial liabilities, either directly or indirectly. These include quoted prices for similar financial assets and financial liabilities in active markets, quoted prices for identical or similar financial assets and financial liabilities in inactive markets, inputs that are observable that are no prices (such as interest rates, credit risks, etc.) and inputs that are derived from or corroborated by observable market data.

Financial instruments measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions are instruments for which pricing is obtained via pricing services but where prices have not been determined in an active market, instruments with fair values based on broker quotes, investment in unit and property trusts with fair values obtained via fund managers and instruments that are valued using the Company's own models whereby the majority of assumptions are market observable.

Level 3 - Valuation technique supported by unobservable inputs

Fair value measurements using significant non market observable inputs. These include valuations for financial assets and financial liabilities that are derived using data, some or all of which is not market observable, including assumptions about risks.

There has been no transfers of financial assets between Level 1 and Level 2 during the six-month period/year ended 30 June 2020 and 31 December 2019.

MCIS Insurance Berhad
(Incorporated in Malaysia)

10. Fair value measurement (cont'd.)

Reconciliation from opening to closing balances of Level 3 fair value hierarchy is provided as follows:

Valuation methods and assumptions for properties, investment properties and right-of-use assets

Revalued properties

The revalued land and buildings consist of office buildings, shop offices, shop houses and an apartment, which are located in various states in Malaysia.

The fair value of the properties was determined by using the cost method, other than fair value of a shop office which were determined by using the sales comparison method. Under the cost method, the apportionment value attributable to the land is adopted whilst making due allowances for factors such as location, plot, size, accessibility and other relevant factors in determining the value of the land, while current estimates on construction costs to erect equivalent buildings. Appropriate adjustments are then made for factors of obsolescence and existing physical condition of the building in determining the cost of the building. The comparison method entails comparing and adopting recent sales evidences involving other similar properties in the vicinity, adjusted for differences in location, size and shapes, accessibility, infrastructure available, improvements made on the site and other value considerations.

The properties' fair values are based on valuations performed by Raine & Horne International Zaki + Partners Sdn. Bhd., a registered independent valuer.

The Company has determined that the highest and best use of the properties is their current use.

Reconciliation of Level 3 fair value measurement:

	Shop office/ shop house	Office building	Total
	RM'000	RM'000	RM'000
At 1 January 2019	18,873	4,709	23,582
Disposal	(1,241)	-	(1,241)
Revaluation deficit	(962)	(526)	(1,488)
Transfer to non-current assets held for sale	(4,230)	-	(4,230)
Depreciation recognised in profit or loss under management expenses	(317)	(83)	(400)
At 31 December 2019 / 1 January 2020	12,123	4,100	16,223
Transfer to non-current assets held for sale	(699)	-	(699)
Depreciation recognised in profit or loss under management expenses	(98)	(39)	(137)
At 30 June 2020	11,326	4,061	15,387

**MCIS Insurance Berhad
(Incorporated in Malaysia)**

10. Fair value measurement (cont'd.)

Valuation methods and assumptions for properties, investment properties and right-of-use assets (cont'd.)

Revalued properties (cont'd.)

Description of valuation techniques used and key inputs to valuation of the properties are stated below:

Type of property	Valuation techniques	Key inputs	Weighted average	
Multi-storey shop office /shop house	Comparison/ cost method	Price per square foot	Land	RM4,148
			Building	RM110
7 ½-storey office building	Cost method	Price per square foot	Land	RM380
			Building	RM68

Significant increases/(decreases) in unobservable inputs in isolation would result in a significantly higher/(lower) fair value of the properties.

Investment properties

The fair value of investment properties was determined by using cost method, other than fair value of an agriculture land and a shop office which were determined by using the comparison method. Under the cost method, the apportionment value attributable to the land is adopted and making due allowances to factors of location, plot, size, accessibility and other relevant factor in determining the value of the land, while current estimates on constructional costs to erect equivalent buildings with appropriate adjustments are then made for factors of obsolescence and existing physical condition of the building are adopted in determining the cost of the building. The comparison method entails comparing and adopting recent sales evidences involving other similar properties in the vicinity, adjusted for differences in location, size and shapes, accessibility, infrastructure available, improvements made on the site and other value considerations.

The properties' fair values are based on valuations performed by Raine & Horne International Zaki + Partners Sdn. Bhd., a registered independent valuer.

The Company has determined that the highest and best use of the properties is their current use.

**MCIS Insurance Berhad
(Incorporated in Malaysia)**

10. Fair value measurement (cont'd.)

Valuation methods and assumptions for properties, investment properties and right-of-use assets (cont'd.)

Investment properties (cont'd.)

Reconciliation of Level 3 fair value measurement:

	Agriculture land	Shop office/ shop house	Total
	RM'000	RM'000	RM'000
At 1 January 2019	1,200	9,550	10,750
Disposal	(1,200)	(960)	(2,160)
Transfer to non-current assets held for sale	-	(560)	(560)
Fair value losses	-	(980)	(980)
At 31 December 2019 / 1 January 2020	-	7,050	7,050
Transfer to non-current assets held for sale	-	(5,000)	(5,000)
At 30 June 2020	-	2,050	2,050

Description of valuation techniques used and key inputs to valuation of the properties are stated below:

Type of property	Valuation technique	Key inputs	Range (average)	
Multi-storey shop office /shop house	Comparison/ cost method	Price per square foot	Land Building	RM4,014 RM70

Significant increases/(decreases) in unobservable inputs in isolation would result in a significantly higher/(lower) fair value of the properties.

Right-of-use assets

The Company has entered into various lease agreements for office premises and lands. Leases of office premises have lease terms between 1 and 3 years, while lands have lease terms between 34 and 99 years. The Company also leases certain equipment, software and services with lease term of 12 months or less or with low value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Below are the carrying amounts of right-of-use assets recognised and the movements during the period:

MCIS Insurance Berhad
(Incorporated in Malaysia)

10. Fair value measurement (cont'd.)

Valuation methods and assumptions for properties, investment properties and right-of-use assets (cont'd.)

Right-of-use assets (cont'd.)

Reconciliation of Level 3 fair value measurement:

	Land	Office premises	Total
	RM'000	RM'000	RM'000
At 1 January 2019	4,526	20,372	24,898
Additions	-	169	169
Effect of modification to lease terms	-	414	414
Transfer to non-current assets held for sale	(3,910)	-	(3,910)
Amortisation	(72)	(3,846)	(3,918)
Revaluation deficit	(367)	-	(367)
At 31 December 2019 / 1 January 2020	177	17,109	17,286
Amortisation	(6)	(1,953)	(1,959)
Transfer to non-current assets held for sale	(171)	-	(171)
At 30 June 2020	-	15,156	15,156

Description of valuation techniques used and key inputs to valuation on right-of-use assets are stated below:

Type of property	Valuation technique	Key inputs	Range (average)	
Land	Cost method	Price per square foot	Land	RM140

Significant increases/(decreases) in unobservable inputs in isolation would result in a significantly higher/(lower) fair value of the properties.

Unquoted equity securities

Reconciliation of Level 3 fair value measurement:

	30.06.2020	31.12.2019
	RM'000	RM'000
As at 1 January 2020 / 1 January 2019	15,890	14,290
Fair value gains	800	1,600
As at 30 June 2020 / 31 December 2019	16,690	15,890

MCIS Insurance Berhad
(Incorporated in Malaysia)

11. Insurance funds

The Company's activities are organised by fund and segregated into the Shareholders' and Life funds in accordance with the Financial Services Act, 2013. The condensed statement of financial position, income statement and statement of cash flows by fund are presented as follows:

Statements of financial position by fund
As at 30 June 2020

	Shareholders' fund		Life funds		Total	
	30.06.2020	31.12.2019	30.06.2020	31.12.2019	30.06.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Assets						
Property and equipment	35	35	45,978	40,347	46,013	40,382
Investment properties	-	-	2,050	7,050	2,050	7,050
Right-of-use assets	-	-	15,156	17,286	15,156	17,286
Intangible assets	-	-	7,195	8,271	7,195	8,271
Investments*	273,318	247,519	4,167,117	4,256,833	4,431,716	4,495,698
Reinsurance assets	-	-	29,986	17,266	29,986	17,266
Insurance receivables	2,032	-	88,891	37,293	90,923	37,293
Other receivables*	74,040	89,712	37,454	38,247	39,079	40,007
Tax recoverable*	-	(3,382)	1,223	4,992	1,422	1,809
Cash and bank balances	288	8,431	18,686	24,095	18,974	32,526
Non-current assets held for sale	-	-	13,823	9,281	13,823	9,281
Total assets	349,713	342,315	4,427,559	4,460,961	4,696,337	4,706,869
Total equity*	327,243	322,520	-	-	325,048	320,374
Liabilities						
Insurance contract liabilities*	-	-	4,070,244	4,076,418	4,064,413	4,070,587
Deferred tax liabilities*	20,785	19,783	15,299	14,328	35,590	33,633
Lease liabilities	-	-	15,685	17,506	15,685	17,506
Insurance payables	-	-	183,218	154,576	183,218	154,576
Other payables*	1,685	12	143,113	198,133	72,383	110,193
Total liabilities	22,470	19,795	4,427,559	4,460,961	4,371,289	4,386,495
Total equity and liabilities	349,713	342,315	4,427,559	4,460,961	4,696,337	4,706,869

* Included here in are inter-fund transactions and balances which are eliminated in presenting the Company's total results.

MCIS Insurance Berhad
(Incorporated in Malaysia)

11. Insurance funds (cont'd.)

Income statement by fund

For the six-month period ended 30 June 2020

	Shareholders' Fund		Life Funds		Total	
	01.01.2020 to 30.06.2020 RM'000	01.01.2019 to 30.06.2019 RM'000	01.01.2020 to 30.06.2020 RM'000	01.01.2019 to 30.06.2019 RM'000	01.01.2020 to 30.06.2020 RM'000	01.01.2019 to 30.06.2019 RM'000
Gross earned premiums	-	-	324,273	303,312	324,273	303,312
Premiums ceded to reinsurers	-	-	(29,418)	(25,193)	(29,418)	(25,193)
Net earned premiums	-	-	294,855	278,119	294,855	278,119
Investment income	5,215	5,594	86,612	94,002	91,827	99,596
Realised gains/(losses)	173	794	(6,755)	3,538	(6,582)	4,332
Fair value gains*	4,044	7,623	22,478	174,662	26,457	181,684
Fee and commission income	-	-	-	-	-	-
Other operating revenue	-	-	62	350	62	350
Other revenue	9,432	14,011	102,397	272,552	111,764	285,962
Gross benefits and claims paid	(154)	-	(333,328)	(325,867)	(333,482)	(325,867)
Claims ceded to reinsurers	-	-	16,344	18,892	16,344	18,892
Gross change in contract liabilities	-	-	6,283	(142,573)	6,283	(142,573)
Change in contract liabilities ceded to reinsurers	-	-	12,720	1,815	12,720	1,815
Net benefits and claims	(154)	-	(297,981)	(447,733)	(298,135)	(447,733)
Fee and commission expenses	(609)	(651)	(41,724)	(40,758)	(42,333)	(41,409)
Other operating expenses	-	(53)	(2,290)	(1,988)	(2,290)	(2,041)
Management expenses	(2,088)	(3,522)	(49,019)	(44,353)	(51,107)	(47,875)
Interest expense on lease liabilities	-	-	(419)	(492)	(419)	(492)
Taxation of life insurance business	-	-	(5,786)	(17,523)	(5,786)	(17,523)
Other expenses	(2,697)	(4,226)	(99,238)	(105,114)	(101,935)	(109,340)
Profit/(Loss) from operations	6,581	9,785	33	(2,176)	6,549	7,008
Reclassification of unallocated surplus of non-participating funds to shareholders' fund	33	(2,176)	(33)	2,176	-	-
Profit before taxation	6,614	7,609	-	-	6,549	7,008
Taxation*	(1,891)	(1,969)	-	-	(1,875)	(1,825)
Net profit for the period	4,723	5,640	-	-	4,674	5,183

* Included herein are inter-fund transactions which are eliminated in presenting the Company's total results.

MCIS Insurance Berhad
(Incorporated in Malaysia)

11. Insurance funds (cont'd.)

Statements of cash flows by fund
For the six-month period ended 30 June 2020

	Shareholders' Fund		Life Funds		Total	
	01.01.2020 to 30.06.2020 RM'000	01.01.2019 to 30.06.2019 RM'000	01.01.2020 to 30.06.2020 RM'000	01.01.2019 to 30.06.2019 RM'000	01.01.2020 to 30.06.2020 RM'000	01.01.2019 to 30.06.2019 RM'000
Cash flows from:						
Operating activities	789	6,751	(59,754)	231,291	(58,965)	238,042
Investing activities	8,261	75	(7,279)	(3,636)	982	(3,561)
Financing activities	-	-	(1,821)	-	(1,821)	-
Net increase/(decrease) in cash and cash equivalents	9,050	6,826	(68,854)	227,655	(59,804)	234,481
At beginning of period	62,372	27,658	549,324	137,372	611,696	165,030
At end of period	71,422	34,484	480,470	365,027	551,892	399,511
Cash and cash equivalents comprise of:						
Cash and bank balances	288	25,424	18,686	9,211	18,974	34,635
Less: Cash restricted in use	-	(8,187)	-	-	-	(8,187)
	288	17,237	18,686	9,211	18,974	26,448
Short term deposits with original maturity periods of less than 3 months	71,134	17,247	461,784	355,816	532,918	373,063
	71,422	34,484	480,470	365,027	551,892	399,511

12. Seasonal or cyclical factors

The operations of the Company were not materially affected by any seasonal or cyclical fluctuations during the interim financial period.

13. Unusual items

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

14. Change in estimates

There were no changes in the basis used for accounting estimates in respect of amounts reported in prior financial periods that would have a material effect on the unaudited condensed interim financial statements.

15. Issues, repurchases, and repayments of debts and equity securities

There was no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the interim financial period.

**MCIS Insurance Berhad
(Incorporated in Malaysia)**

16. Significant event during the period

- (a) During the current financial period ended 30 June 2020, the Company
- (i) completed the disposals of two properties for a total cash consideration of RM1.3 million, recognising losses thereon of RM46,000.
 - (ii) entered into Sale and Purchase Agreements for disposals of three properties. These disposals have yet to be completed as at the date of this report.
- (b) The global widespread of the COVID-19 pandemic since beginning of 2020 is a fluid and challenging situation creating uncertainties for all industries. As of 30 June 2020, the Company has performed an assessment, based on available information, of the overall impact of the situation on the Company's business and noted that there are no material impact to the interim financial results for the period ended 30 June 2020. The management believes that the Company has sufficient capital to withstand the impact of COVID-19 on the business.

At this juncture, management is monitoring the situation closely and will continue to assess the impact of the pandemic on the Company's operations and financial results.

17. Material events subsequent to the end of the period

The Company completed the disposals of a land and a property for a total cash consideration of RM5.7 million, recognising losses thereon of RM198,000. The losses will be accounted for in the second half of the financial year ended 31 December 2020.

18. Contingent liabilities

There were no contingent liabilities as at the date of this report.

19. Effect of changes in composition of the Company

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