



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

**Unaudited Condensed Interim Financial Statements**  
**For the six-month period ended 30 June 2021**

**435318-U**

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

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**MCIS Insurance Berhad**  
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**Unaudited condensed statement of financial position**  
**As at 30 June 2021**

|   | <b>Note</b> | <b>30.06.2021</b><br><b>RM'000</b> | <b>31.12.2020</b><br><b>RM'000</b> |
|---|-------------|------------------------------------|------------------------------------|
| <b>Assets</b>   |             |                                    |                                    |
| Property and equipment  |             | 48,706                             | 46,492                             |
| Investment properties   |             | 300                                | 945                                |
| Right-of-use assets   |             | 22,762                             | 14,958                             |
| Intangible assets   |             | 5,068                              | 6,131                              |
| Investments   | 3           | 4,418,171                          | 4,520,771                          |
| Reinsurance assets  | 6           | 20,482                             | 20,213                             |
| Insurance receivables   | 7           | 113,357                            | 57,611                             |
| Other receivables   |             | 43,574                             | 43,058                             |
| Tax recoverable   |             | 845                                | 588                                |
| Cash and bank balances  |             | 32,316                             | 55,453                             |
|   |             | <u>4,705,581</u>                   | <u>4,766,220</u>                   |
| Non-current assets held for sale                                      |             | 5,376                              | 6,081                              |
| <b>Total assets</b>   |             | <u><b>4,710,957</b></u>            | <u><b>4,772,301</b></u>            |
| <b>Equity</b>   |             |                                    |                                    |
| Share capital   |             | 125,024                            | 125,024                            |
| Retained profits  | 4           | 170,043                            | 165,546                            |
| Merger reserves   | 5           | 40,672                             | 40,672                             |
|   |             | <u>335,739</u>                     | <u>331,242</u>                     |
| Revaluation reserves associated with non-current assets held for sale |             | 148                                | 148                                |
| <b>Total equity</b>   |             | <u><b>335,887</b></u>              | <u><b>331,390</b></u>              |
| <b>Liabilities</b>  |             |                                    |                                    |
| Insurance contract liabilities  | 6           | 3,940,604                          | 4,046,509                          |
| Deferred tax liabilities  |             | 37,969                             | 45,465                             |
| Lease liabilities   |             | 23,092                             | 15,637                             |
| Insurance payables  | 8           | 244,067                            | 189,160                            |
| Other payables  |             | 129,338                            | 144,140                            |
| <b>Total liabilities</b>  |             | <u><b>4,375,070</b></u>            | <u><b>4,440,911</b></u>            |
| <b>Total equity and liabilities</b>                                   |             | <u><b>4,710,957</b></u>            | <u><b>4,772,301</b></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 2020 and the accompanying explanatory notes on pages 6 to 28 attached to the unaudited condensed interim financial statements.

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**MCIS Insurance Berhad**  
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**Unaudited condensed income statement**  
**For the six-month period ended 30 June 2021**

|  |             | <b>01.01.2021</b> | <b>01.01.2020</b> |
|--|-------------|-------------------|-------------------|
|  |             | <b>to</b>         | <b>to</b>         |
|  | <b>Note</b> | <b>30.06.2021</b> | <b>30.06.2020</b> |
|  |             | <b>RM'000</b>     | <b>RM'000</b>     |
| Gross earned premiums  |             | 353,083           | 324,273           |
| Premiums ceded to reinsurers   |             | <u>(30,818)</u>   | <u>(29,418)</u>   |
| <b>Net earned premiums</b>   |             | <u>322,265</u>    | <u>294,855</u>    |
| Investment income  | 9           | 89,535            | 91,827            |
| Realised gains/(losses)  |             | 4,062             | (6,582)           |
| Fair value (losses)/gains  |             | (154,601)         | 26,457            |
| Other operating revenue  | 10          | 853               | 62                |
| <b>Other revenue</b>   |             | <u>(60,151)</u>   | <u>111,764</u>    |
| Gross benefits and claims paid   |             | (276,437)         | (333,482)         |
| Claims ceded to reinsurers   |             | 20,074            | 16,344            |
| Gross change in insurance contract liabilities                             |             | 105,993           | 6,283             |
| Change in insurance contract liabilities ceded to reinsurers               |             | 269               | 12,720            |
| <b>Net benefits and claims</b>   |             | <u>(150,101)</u>  | <u>(298,135)</u>  |
| Fee and commission expenses  |             | (50,590)          | (42,333)          |
| Other operating expenses   | 10          | (2,717)           | (2,290)           |
| Management expenses  |             | (55,401)          | (51,107)          |
| Interest expense on lease liabilities                                      |             | (206)             | (419)             |
| Taxation of life insurance business  |             | 3,960             | (5,786)           |
| <b>Other expenses</b>  |             | <u>(104,954)</u>  | <u>(101,935)</u>  |
| <b>Profit before taxation</b>  |             | 7,059             | 6,549             |
| Taxation   |             | <u>(2,562)</u>    | <u>(1,875)</u>    |
| <b>Net profit for the period/Total comprehensive income for the period</b> |             | <u>4,497</u>      | <u>4,674</u>      |
| <b>Earnings per share (sen)</b>  |             |                   |                   |
| Basic and diluted  | 11          | <u>4.48</u>       | <u>4.66</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 2020 and the accompanying explanatory notes on pages 6 to 28 attached to the unaudited condensed interim financial statements.

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**MCIS Insurance Berhad**  
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**Unaudited condensed statement of changes in equity**  
**For the six-month period ended 30 June 2021**

|                           | ----- Non-distributable ----- |                |   |   | Distributable                                  |  |                |                |
|---------------------------|-------------------------------|----------------|---|---|--|--|----------------|----------------|
|                           |                               |                |   |   | Retained profits                               |  |                |                |
|                           | Share capital                 | Merger reserve | Revaluation reserves of non-participating funds | Revaluation reserves associated with non-current assets held for sale | Unallocated surplus of non-participating funds | Retained profits of shareholders' fund | Sub-total      | Total equity   |
|                           | RM'000                        | RM'000         | RM'000  | RM'000  | RM'000   | RM'000                                 | RM'000         | RM'000         |
| <b>At 1 January 2020</b>  | 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          |
| <b>At 30 June 2020</b>    | <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> |
| <b>At 1 January 2021</b>  | 125,024                       | 40,672         | -   | 148   | 67,714   | 97,832                                 | 165,546        | 331,390        |
| Net profit for the period | -                             | -              | -   | -   | 10,760   | (6,263)                                | 4,497          | 4,497          |
| <b>At 30 June 2021</b>    | <u>125,024</u>                | <u>40,672</u>  | <u>-</u>  | <u>148</u>  | <u>78,474</u>                                  | <u>91,569</u>                          | <u>170,043</u> | <u>335,887</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 2020 and the accompanying explanatory notes on pages 6 to 28 attached to the unaudited condensed interim financial statements.

**MCIS Insurance Berhad**  
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**Unaudited condensed statement of cash flows**  
**For the six-month period ended 30 June 2021**

|   |             | <b>01.01.2021</b> | <b>01.01.2020</b> |
|---|-------------|-------------------|-------------------|
|   |             | <b>to</b>         | <b>to</b>         |
|   |             | <b>30.06.2021</b> | <b>30.06.2020</b> |
|   | <b>Note</b> | <b>RM'000</b>     | <b>RM'000</b>     |
| <b>Profit before taxation</b>   |             | 7,059             | 6,549             |
| <i>Adjustments for:</i>   |             |                   |                   |
| Taxation of life insurance business                                     |             | (3,960)           | 5,786             |
| Investment income   | 9           | (89,535)          | (91,827)          |
| Interest expense on lease liabilities                                   |             | 206               | 419               |
| Realised (gains)/losses   |             | (4,062)           | 6,582             |
| Fair value losses/(gains)   |             | 154,601           | (26,457)          |
| Purchases of FVTPL financial instruments                                |             | (780,381)         | (1,010,280)       |
| Proceeds from sale of FVTPL financial instruments                       |             | 917,215           | 1,021,115         |
| Decrease in amortised cost  |             | 12,997            | 14,449            |
| Investment income received  |             | 92,427            | 93,749            |
| Gain on termination of lease  | 10          | (467)             | -                 |
| Loss on disposal of non-current assets held for sale                    | 10          | 98                | 46                |
| <b>Non-cash items:</b>  |             |                   |                   |
| Depreciation of property and equipment                                  |             | 2,344             | 2,047             |
| Amortisation of intangible assets                                       |             | 1,063             | 1,076             |
| Amortisation of right-of-use assets                                     |             | 2,512             | 1,959             |
| Property and equipment written off for non-current assets held for sale |             | -                 | 184               |
| Net amortisation of investments   | 9           | 1,431             | 3,155             |
| Impairment loss on premium receivables                                  | 10          | 1,021             | 1,225             |
| Impairment loss on loans receivables                                    | 10          | 59                | 904               |
| <b>Changes in working capital:</b>                                      |             |                   |                   |
| <b>(Increase)/Decrease in assets:</b>                                   |             |                   |                   |
| Reinsurance assets  |             | (269)             | (12,720)          |
| Insurance receivables   |             | (56,767)          | (54,855)          |
| Other receivables   |             | (3,408)           | (994)             |
| <b>(Decrease)/Increase in liabilities:</b>                              |             |                   |                   |
| Insurance contract liabilities  |             | (105,989)         | (6,283)           |
| Insurance payables  |             | 54,907            | 28,642            |
| Other payables  |             | (14,802)          | (37,810)          |
| Cash generated from/(used in) operating activities                      |             | <u>188,300</u>    | <u>(53,339)</u>   |
| Interest paid   |             | (206)             | (419)             |
| Income tax paid   |             | (6,271)           | (5,207)           |
| Net cash flows generated from/(used in) operating activities            |             | <u>181,823</u>    | <u>(58,965)</u>   |

**MCIS Insurance Berhad**  
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**Unaudited condensed statement of cash flows**  
**For the six-month period ended 30 June 2021 (cont'd.)**

|  | <b>01.01.2021</b> | <b>01.01.2020</b> |
|--|-------------------|-------------------|
|  | <b>to</b>         | <b>to</b>         |
|  | <b>30.06.2021</b> | <b>30.06.2020</b> |
|  | <b>RM'000</b>     | <b>RM'000</b>     |
| <b>Investing activities</b>  |                   |                   |
| Net proceeds from disposal of non-current assets held for sale   | 1,252             | 1,264             |
| Uplift of monies and interest thereof in relation to the<br>proceeds from disposal of general insurance business | -                 | 8,261             |
| Purchase of property and equipment   | <u>(4,558)</u>    | <u>(8,543)</u>    |
| Net cash flows (used in)/generated from investing activities   | <u>(3,306)</u>    | <u>982</u>        |
| <b>Financing activity</b>  |                   |                   |
| Payment of principal portion of lease liabilities  | <u>(2,394)</u>    | <u>(1,821)</u>    |
| Net cash flows used in financing activity  | <u>(2,394)</u>    | <u>(1,821)</u>    |
| <b>Cash and cash equivalents</b>   |                   |                   |
| Net increase/(decrease) in cash and cash equivalents   | 176,123           | (59,804)          |
| Cash and cash equivalents at beginning of period   | <u>411,872</u>    | <u>611,696</u>    |
| Cash and cash equivalents at end of period   | <u>587,995</u>    | <u>551,892</u>    |
| Cash and cash equivalents comprise of:   |                   |                   |
| Cash and bank balances   | 32,316            | 18,974            |
| Short term deposits with original maturity periods of less<br>than 3 months                                      | <u>555,679</u>    | <u>532,918</u>    |
|  | <u>587,995</u>    | <u>551,892</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 2020 and the accompanying explanatory notes on pages 6 to 28 attached to the unaudited condensed interim financial statements.

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**Notes to the unaudited condensed interim financial statements**  
**For the six-month period ended 30 June 2021**

**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 2020.

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 2020, except as follows:

On 1 January 2021, the Company adopted the following MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2021:

| <b>MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2021:</b> |
|---|
| (i) Amendments to MFRS 16 <i>Covid-19-Related Rent Concessions</i>  |
| (ii) Amendments to MFRS 7, MFRS 9, MFRS 139, MFRS 4, MFRS 16: <i>Interest Rate Benchmark Reform - Phase 2</i>   |

The initial application of the amendments do not have any material impacts to the current and prior period's financial statements upon their first adoption.

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**2. Accounting policies (cont'd.)**

**Standards issued but not yet effective**

The following are standards, amendments to standards and interpretation to standards issued by MASB, but not yet effective, up to the date of this report.

| Description  | Effective for annual periods beginning on or after |
|--|--|
| Amendments to MFRS 16 <i>Covid-19-Related Rent Concessions beyond 30 June 2021</i>   | 1 April 2021                                       |
| Amendments to MFRS 1: <i>Annual Improvements to MFRS Standards 2018-2020 Cycle</i>   | 1 January 2022                                     |
| Amendments to MFRS 9: <i>Annual Improvements to MFRS Standards 2018-2020 Cycle</i>   | 1 January 2022                                     |
| Amendments to MFRS 141: <i>Annual Improvements to MFRS Standards 2018-2020 Cycle</i>   | 1 January 2022                                     |
| Amendments to MFRS 3: <i>Reference to the Conceptual Framework</i>   | 1 January 2022                                     |
| Amendments to MFRS 116: <i>Proceeds before Intended Use</i>  | 1 January 2022                                     |
| Amendments to MFRS 137: <i>Onerous Contracts - Cost of Fulfilling a Contract</i>   | 1 January 2022                                     |
| MFRS 17 <i>Insurance Contracts</i>   | 1 January 2023                                     |
| Amendments to MFRS 17 <i>Insurance Contracts</i>   | 1 January 2023                                     |
| Amendments to MFRS 101: <i>Classification of Liabilities as Current or Non-current</i>   | 1 January 2023                                     |
| Amendments to MFRS 101: <i>Disclosures of Accounting Policies</i>  | 1 January 2023                                     |
| Amendments to MFRS 108: <i>Disclosures of Accounting Estimates</i>   | 1 January 2023                                     |
| Amendments to MFRS 112: <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>                  | 1 January 2023                                     |
| Amendments to MFRS 10 and MFRS 128: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> | Deferred   |

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

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**3. Investments**

|                                       | <b>30.06.2021</b> | <b>31.12.2020</b> |
|---------------------------------------|-------------------|-------------------|
|                                       | <b>RM'000</b>     | <b>RM'000</b>     |
| Malaysian Government securities       | 850,440           | 1,033,195         |
| Government investment issues          | 208,018           | 222,853           |
| Malaysian Government guaranteed bonds | 491,729           | 525,760           |
| Unquoted debts securities             | 1,503,710         | 1,581,730         |
| Quoted equity securities              | 326,113           | 361,220           |
| Quoted exchange traded funds          | 97,228            | 67,279            |
| Quoted unit and property trust funds  | 62,126            | 64,619            |
| Unquoted equity securities            | 18,790            | 17,890            |
| Unquoted unit trust funds             | 90,112            | 62,521            |
| Deposits with financial institutions  | 555,678           | 356,967           |
| Loans receivables                     | 214,227           | 226,737           |
| <b>Total</b>                          | <b>4,418,171</b>  | <b>4,520,771</b>  |

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

|   | <b>30.06.2021</b> | <b>31.12.2020</b> |
|---|-------------------|-------------------|
|   | <b>RM'000</b>     | <b>RM'000</b>     |
| Fair value through profit or loss ("FVTPL") | 4,203,944         | 4,294,034         |
| Amortised cost                              | 214,227           | 226,737           |
|   | <b>4,418,171</b>  | <b>4,520,771</b>  |

**(a) FVTPL**

|                                      | <b>30.06.2021</b> | <b>31.12.2020</b> |
|--------------------------------------|-------------------|-------------------|
|                                      | <b>RM'000</b>     | <b>RM'000</b>     |
| Mandatorily measured:                |                   |                   |
| Quoted equity securities             | 326,113           | 361,220           |
| Quoted exchange traded funds         | 97,228            | 67,279            |
| Quoted unit and property trust funds | 62,126            | 64,619            |
| Unquoted equity securities           | 18,790            | 17,890            |
| Unquoted unit trust funds            | 90,112            | 62,521            |
|                                      | <b>594,369</b>    | <b>573,529</b>    |

Designated upon initial recognition:

|                                       |                  |                  |
|---------------------------------------|------------------|------------------|
| Malaysian Government securities       | 850,440          | 1,033,195        |
| Government investment issues          | 208,018          | 222,853          |
| Malaysian Government guaranteed bonds | 491,729          | 525,760          |
| Unquoted debt securities              | 1,503,710        | 1,581,730        |
| Deposits with financial institutions  | 555,678          | 356,967          |
|                                       | <b>3,609,575</b> | <b>3,720,505</b> |
|                                       | <b>4,203,944</b> | <b>4,294,034</b> |

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**3. Investments (cont'd.)**

**(a) FVTPL (cont'd.)**

Included in deposits with financial institutions of the Company are short term deposits with original maturity periods of less than 3 months amounting to RM555,679,000 (31.12.2020: RM356,419,000), which have been classified as cash and cash equivalents for the purpose of the statement of cash flows.

**(b) Amortised cost**

|                    | <b>30.06.2021</b> | <b>31.12.2020</b> |
|--------------------|-------------------|-------------------|
|                    | <b>RM'000</b>     | <b>RM'000</b>     |
| Loans receivables: |                   |                   |
| Policy loans       | 212,446           | 224,762           |
| Mortgage loans     | 3,187             | 3,321             |
| Other loans        | 100               | 101               |
|                    | 215,733           | 228,184           |
| Loss allowances    | (1,506)           | (1,447)           |
|                    | <u>214,227</u>    | <u>226,737</u>    |

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 2021 and 31 December 2020.

**(c) Reconciliation of allowance for impairment**

Movement in allowances for impairment for financial assets are as follows:

| <b>Life-time expected credit loss</b>              | <b>Loans<br/>receivables<br/>RM'000<br/>(Note 3(b))</b> | <b>Insurance<br/>receivables<br/>RM'000<br/>(Note 7)</b> | <b>Total<br/>RM'000</b> |
|--|---|--|-------------------------|
| At 1 January 2020                                  | 1,875   | 3,851  | 5,726                   |
| (Write back)/charge for the year<br>in respect of: |   |  |                         |
| - recoveries                                       | (387)   | 1,209  | 822                     |
| - decrease in loans receivables                    | (41)  | -  | (41)                    |
| At 31 December 2020                                | 1,447   | 5,060  | 6,507                   |
| Charge for the period                              | 59  | 1,021  | 1,080                   |
| At 30 June 2021                                    | <u>1,506</u>  | <u>6,081</u>   | <u>7,587</u>            |

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**4. Retained profits**

The non-distributable retained profits represent the unallocated surplus from the Non Participating funds. In accordance with Section 83 of the Financial Services Act, 2013, the unallocated surplus is only available for distribution to the shareholders upon recommendation by the Appointed Actuary.

Pursuant to the single tier tax system, any dividends distributed by the Company will be exempted from tax in the hands of shareholders. The Company shall not be entitled to deduct tax on dividend paid, credited or distributed to shareholders.

The Company may distribute single tier exempt dividend to its shareholders out of its retained earnings. Pursuant to Section 51(1) of the FSA, the Company is required to obtain BNM's written approval prior to declaring or paying any dividend. Pursuant to the RBC Framework for Insurers, the Company shall not pay dividends if its Capital Adequacy Ratio position is less than its internal target capital level or if the payment of dividend would impair its Capital Adequacy Ratio position to below its internal target capital level.

**5. Merger reserves**

In June 2002, the Company acquired the entire equity interest in a subsidiary for a purchase consideration of RM123,349,408 via the issuance of 30,085,221 new ordinary shares of RM1.00 each to the vendors of the subsidiary at an issue price of RM4.10 per ordinary share.

As a result of using merger relief provisions, under Section 60(4) of the Companies Act, 1965 (subsequently repealed by Companies Act, 2016), the merger reserve was created in place of a share premium account and this reserve has been utilised to write-off the goodwill arising from the business combination in the Group financial statements and impairment in value of the investment in subsidiary at the effective date of acquisition, in the Company's financial statements.

The merger reserve was arrived at after considering the fair value of the subsidiary acquired, the nominal value of ordinary shares issued as consideration for the acquisition and the write-off of goodwill on consolidation in June 2002 as follows:

|   | <b>RM'000</b>   |
|---|-----------------|
| Fair value of subsidiary acquired               | 123,349         |
| Nominal value of shares issued as consideration | <u>(30,085)</u> |
| Merger reserve on acquisition                   | 93,264          |
| Write-off of goodwill on consolidation          | <u>(52,592)</u> |
|   | <u>40,672</u>   |

The subsidiary had been struck off and dissolved in 2014.

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**6. Insurance contract liabilities**

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

|   | ←----- 30.06.2021 -----> |                       |                  | ←----- 31.12.2020 -----> |                       |                  |
|---|--------------------------|-----------------------|------------------|--------------------------|-----------------------|------------------|
|   | Gross<br>RM'000          | Reinsurance<br>RM'000 | Net<br>RM'000    | Gross<br>RM'000          | Reinsurance<br>RM'000 | Net<br>RM'000    |
| Provision for benefits and claims                   | 111,601                  | (3,889)               | 107,712          | 106,207                  | (3,503)               | 102,704          |
| Actuarial liabilities - Participating fund          | 2,909,162                | (560)                 | 2,908,602        | 2,928,921                | (619)                 | 2,928,302        |
| Actuarial liabilities - Non participating fund      | 373,325                  | (16,033)              | 357,292          | 364,731                  | (16,091)              | 348,640          |
|   | 3,282,487                | (16,593)              | 3,265,894        | 3,293,652                | (16,710)              | 3,276,942        |
| Participating fund unallocated surplus              | 229,769                  | -                     | 229,769          | 382,636                  | -                     | 382,636          |
| Participating fund asset revaluation reserves       | 9,541                    | -                     | 9,541            | 10,518                   | -                     | 10,518           |
| Net asset value ("NAV") attributable to unitholders | 307,206                  | -                     | 307,206          | 253,496                  | -                     | 253,496          |
|   | <u>3,940,604</u>         | <u>(20,482)</u>       | <u>3,920,122</u> | <u>4,046,509</u>         | <u>(20,213)</u>       | <u>4,026,296</u> |

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**6. Insurance contract liabilities (cont'd.)**

**Movements of life insurance contract liabilities**

|  | Provision<br>for benefits<br>and claims<br>RM'000 | Actuarial<br>liabilities<br>RM'000 | Participating<br>fund<br>unallocated<br>surplus<br>RM'000 | Non<br>Participating<br>fund<br>unallocated<br>surplus<br>RM'000 | Participating<br>fund asset<br>revaluation<br>reserves<br>RM'000 | NAV<br>attributable to<br>unitholders<br>RM'000 | Gross<br>liabilities<br>RM'000 | Reinsurance<br>RM'000 | Net<br>liabilities<br>RM'000 |
|--|---|------------------------------------|---|--|--|---|--------------------------------|-----------------------|------------------------------|
| <b>30 June 2021</b>  |   |                                    |   |  |  |   |                                |                       |                              |
| As at 1 January 2021   | 106,207   | 3,293,652                          | 382,636   | -  | 10,518   | 253,496   | 4,046,509                      | (20,213)              | 4,026,296                    |
| Net earned premiums  | -   | -                                  | 144,054   | 127,599  | -  | 50,612  | 322,265                        | -                     | 322,265                      |
| Other revenue  | -   | -                                  | (72,621)  | (2,317)  | -  | 16,085  | (58,853)                       | -                     | (58,853)                     |
| Net benefits and claims  | 5,394   | -                                  | (197,384)   | (52,301)   | -  | (11,670)  | (255,961)                      | (387)                 | (256,348)                    |
| Other expenses   | -   | -                                  | (52,625)  | (50,530)   | -  | (22)  | (103,177)                      | -                     | (103,177)                    |
| Policy movements   | -   | 8,357                              | 18,436  | (26,793)   | -  | -   | -                              | -                     | -                            |
| Interest rate  | -   | (17,890)                           | (974)   | 18,864   | -  | -   | -                              | -                     | -                            |
| Adjustments due to changes<br>in other assumptions   | -   | (1,632)                            | 2,237   | (723)  | -  | -   | (118)                          | 118                   | -                            |
| Other movements  | -   | -                                  | -   | 4  | -  | -   | 4                              | -                     | 4                            |
| Changes in asset revaluation reserves  |   |                                    |   |  |  |   |                                |                       |                              |
| - non-current assets held for sale   | -   | -                                  | 1,061   | -  | (1,061)  | -   | -                              | -                     | -                            |
| Taxation on asset revaluation reserves   | -   | -                                  | -   | -  | 84   | -   | 84                             | -                     | 84                           |
| Taxation on taxable investment income  | -   | -                                  | 4,949   | 306  | -  | (1,295)   | 3,960                          | -                     | 3,960                        |
| Reclassification of unallocated<br>surplus of non-participating funds<br>to shareholders' fund | -   | -                                  | -   | (14,109)   | -  | -   | (14,109)                       | -                     | (14,109)                     |
| <b>As at 30 June 2021</b>  | <b>111,601</b>                                    | <b>3,282,487</b>                   | <b>229,769</b>  | <b>-</b>   | <b>9,541</b>   | <b>307,206</b>                                  | <b>3,940,604</b>               | <b>(20,482)</b>       | <b>3,920,122</b>             |

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**6. Insurance contract liabilities (cont'd.)**

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

|  | Provision<br>for benefits<br>and claims<br>RM'000 | Actuarial<br>liabilities<br>RM'000 | Participating<br>fund<br>unallocated<br>surplus<br>RM'000 | Non<br>participating<br>fund<br>unallocated<br>surplus<br>RM'000 | Participating<br>fund asset<br>revaluation<br>reserves<br>RM'000 | NAV<br>attributable to<br>unitholders<br>RM'000 | Gross<br>liabilities<br>RM'000 | Reinsurance<br>RM'000 | Net<br>liabilities<br>RM'000 |
|--|---|------------------------------------|---|--|--|---|--------------------------------|-----------------------|------------------------------|
| <b>31 December 2020</b>  |   |                                    |   |  |  |   |                                |                       |                              |
| 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  | -   | -                                  | 291,116   | 219,779  | -  | 71,147  | 582,042                        | -                     | 582,042                      |
| Other revenue  | -   | -                                  | 216,060   | 24,485   | -  | 10,694  | 251,239                        | -                     | 251,239                      |
| Net benefits and claims  | (4,208)   | -                                  | (480,816)   | (110,952)  | -  | (23,143)  | (619,119)                      | 2,608                 | (616,511)                    |
| Other expenses   | -   | -                                  | (104,806)   | (91,850)   | -  | (45)  | (196,701)                      | -                     | (196,701)                    |
| Policy movements   | -   | (70,929)                           | 103,077   | (32,148)   | -  | -   | -                              | -                     | -                            |
| Interest rate  | -   | 9,728                              | 724   | (10,452)   | -  | -   | -                              | -                     | -                            |
| Adjustments due to changes<br>in assumptions   | -   | (19,824)                           | 5,577   | 19,802   | -  | -   | 5,555                          | (5,555)               | -                            |
| Changes in asset revaluation reserves  |   |                                    |   |  |  |   |                                |                       |                              |
| - property and equipment   | -   | -                                  | -   | -  | (1,716)  | -   | (1,716)                        | -                     | (1,716)                      |
| - right-of-use assets  | -   | -                                  | -   | -  | 179  | -   | 179                            | -                     | 179                          |
| - non-current assets held for sale   | -   | -                                  | 6,525   | -  | (6,495)  | -   | 30                             | -                     | 30                           |
| Taxation on asset revaluation reserves   | -   | -                                  | -   | -  | 643  | -   | 643                            | -                     | 643                          |
| Taxation on taxable investment income  | -   | -                                  | (11,631)  | (1,623)  | -  | (889)   | (14,143)                       | -                     | (14,143)                     |
| Participating fund surplus transferred<br>to shareholders' fund                                | -   | -                                  | (15,046)  | -  | -  | -   | (15,046)                       | -                     | (15,046)                     |
| Reclassification of unallocated<br>surplus of non-participating funds<br>to shareholders' fund | -   | -                                  | -   | (17,041)   | -  | -   | (17,041)                       | -                     | (17,041)                     |
| <b>As at 31 December 2020</b>  | <b>106,207</b>                                    | <b>3,293,652</b>                   | <b>382,636</b>  | <b>-</b>   | <b>10,518</b>  | <b>253,496</b>                                  | <b>4,046,509</b>               | <b>(20,213)</b>       | <b>4,026,296</b>             |

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**7. Insurance receivables**

|   | <b>Note</b> | <b>30.06.2021</b><br><b>RM'000</b> | <b>31.12.2020</b><br><b>RM'000</b> |
|---|-------------|------------------------------------|------------------------------------|
| Due premiums including agents/brokers and coinsurers balances |             | 93,483                             | 42,980                             |
| Due from reinsurers and cedants                               |             | <u>25,955</u>                      | <u>19,691</u>                      |
|   |             | 119,438                            | 62,671                             |
| Allowance for impairment                                      | 3(c)        | <u>(6,081)</u>                     | <u>(5,060)</u>                     |
|   |             | <u><u>113,357</u></u>              | <u><u>57,611</u></u>               |

The carrying amounts of financial assets above approximate fair values due to the relatively short-term maturity of these balances.

**8. Insurance payables**

|                                     | <b>30.06.2021</b><br><b>RM'000</b> | <b>31.12.2020</b><br><b>RM'000</b> |
|-------------------------------------|------------------------------------|------------------------------------|
| <b>Financial liabilities:</b>       |                                    |                                    |
| Due to agents and intermediaries    | 17,111                             | 22,244                             |
| Due to reinsurers and cedants       | 31,920                             | 14,519                             |
| Due to policyholders                | 171,628                            | 132,944                            |
| Payable for agency related expenses | <u>23,408</u>                      | <u>19,453</u>                      |
|                                     | <u><u>244,067</u></u>              | <u><u>189,160</u></u>              |

The carrying amounts disclosed above approximate fair value at the reporting date. All amounts are payable within one year.

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**9. Investment income**

|   | 01.01.2021<br>to<br>30.06.2021<br>RM'000 | 01.01.2020<br>to<br>30.06.2020<br>RM'000 |
|---|--|--|
| Rental income related to properties               | 129                                      | 201                                      |
| Net amortisation of premiums on investment FVTPL: | (1,431)                                  | (3,155)                                  |
| Interest income                                   | 72,084                                   | 74,010                                   |
| Dividend income:                                  |  |  |
| - Quoted equity securities                        | 7,729                                    | 7,000                                    |
| - Quoted exchange traded funds                    | 34                                       | 29                                       |
| - Quoted unit and property trust funds            | 3,951                                    | 5,881                                    |
| - Unquoted unit trust funds                       | 273                                      | 173                                      |
| Amortised cost                                    | 7,858                                    | 8,810                                    |
| Bank balances interest income                     | 86                                       | 165                                      |
| Other investment income                           | 110                                      | 122                                      |
| Gross investment income                           | 90,823                                   | 93,236                                   |
| Less: Investment expenses                         | (1,288)                                  | (1,409)                                  |
|   | <u>89,535</u>                            | <u>91,827</u>                            |

**10. Net other operating revenue/(expenses)**

|  | 01.01.2021<br>to<br>30.06.2021<br>RM'000 | 01.01.2020<br>to<br>30.06.2020<br>RM'000 |
|--|--|--|
| <b>Other operating revenue:</b>                      |  |  |
| Gain on termination of lease                         | 467                                      | -  |
| Other miscellaneous income                           | 386                                      | 62                                       |
|  | <u>853</u>                               | <u>62</u>                                |
| <b>Other operating expenses:</b>                     |  |  |
| Other miscellaneous expenses                         | (1,539)                                  | (115)                                    |
| Impairment loss on premium receivables               | (1,021)                                  | (1,225)                                  |
| Loss on disposal of non-current assets held for sale | (98)                                     | (46)                                     |
| Impairment loss on loan receivables                  | (59)                                     | (904)                                    |
|  | <u>(2,717)</u>                           | <u>(2,290)</u>                           |

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**11. 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.

|   | <b>01.01.2021<br/>to<br/>30.06.2021</b> | <b>01.01.2020<br/>to<br/>30.06.2020</b> |
|---|---|---|
| Profit attributable to ordinary equity holders (RM'000) | 4,497                                   | 4,674                                   |
| Weighted average number of shares in issue ('000)       | 100,284                                 | 100,284                                 |
| Basic and diluted earnings per share (sen)              | <u>4.48</u>                             | <u>4.66</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.

**12. Capital commitments**

|                                  | <b>30.06.2021<br/>RM'000</b> | <b>31.12.2020<br/>RM'000</b> |
|----------------------------------|------------------------------|------------------------------|
| Approved and contracted for:     |                              |                              |
| Property and equipment           | 6,329                        | -                            |
| Intangible assets                | <u>2,560</u>                 | <u>3,338</u>                 |
|                                  | <u>8,889</u>                 | <u>3,338</u>                 |
| Approved but not contracted for: |                              |                              |
| Property and equipment           | 11,129                       | 18,404                       |
| Intangible assets                | <u>7,429</u>                 | <u>8,103</u>                 |
|                                  | <u>18,558</u>                | <u>26,507</u>                |

**13. Significant related party disclosures**

**(a) Related parties**

The related parties and their relationship with the Company as at 30 June 2021 are as follows:

| <b>Name</b>                                   | <b>Relationship</b>       |
|---|---------------------------|
| 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    |

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**13. Significant related party disclosures (cont'd.)**

**(a) Related parties (cont'd.)**

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.

|  | 01.01.2021<br>to<br>30.06.2021<br>RM'000 | 01.01.2020<br>to<br>30.06.2020<br>RM'000 |
|--|--|--|
| <b>Transactions with related parties:</b>          |  |  |
| <b>(i) Rental expenses payable to:</b>             |  |  |
| Koperasi MCIS Berhad                               | (1,947)                                  | (1,921)                                  |
| <b>(ii) Premium for insurance cover paid to:</b>   |  |  |
| Pacific & Orient Insurance Co. Berhad              | (41)                                     | (36)                                     |
| <b>(iii) Reimbursable cost payable to:</b>         |  |  |
| Sanlam Life Insurance Limited                      | (42)                                     | (178)                                    |
| <b>(iv) Management support and actuarial audit</b> |  |  |
| Sanlam Life Insurance Limited                      | (169)                                    | -  |

There were no balances due from or to related parties as at 30 June 2021 (31.12.2020: Nil)

**(b) Key management personnel**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. In line with this classification, the key management personnel of the Company includes directors, CEO and the senior management team.

The remuneration of key management personnel during the period was as follows:

|                                     | 01.01.2021<br>to<br>30.06.2021<br>RM'000 | 01.01.2020<br>to<br>30.06.2020<br>RM'000 |
|-------------------------------------|--|--|
| <b>(i) Directors' remuneration:</b> |  |  |
| <u>Executive director</u>           |  |  |
| Mr. Prasheem Seebran                | -  | -  |

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**13. Significant related party disclosures (cont'd.)**

**(b) Key management personnel (cont'd.)**

|   | <b>01.01.2021</b> | <b>01.01.2020</b> |
|---|-------------------|-------------------|
|   | <b>to</b>         | <b>to</b>         |
|   | <b>30.06.2021</b> | <b>30.06.2020</b> |
|   | <b>RM'000</b>     | <b>RM'000</b>     |
| <b>(i) Directors' remuneration: (cont'd.)</b>       |                   |                   |
| <b><u>Non-executive directors</u></b>               |                   |                   |
| Mr. Mohammad Nizar bin Idris                        | 114               | 112               |
| Mr. Murugiah M N Singham                            | 79                | 91                |
| Dato' Dr. Md Khir bin Abdul Rahman                  | 91                | 83                |
| Datin Seri Sunita Mei-Lin Rajakumar                 | 87                | 87                |
| Mr. Casparus Jacobus Hendrik Kromhout               | 84                | 79                |
| Mr. Arumugam Saminathan                             | 76                | 71                |
| Mr. Kokula Krishnan Ganesalingam                    | 84                | -                 |
| Mr. Kirupalani a/l Chelliah                         | -                 | 67                |
|   | <u>615</u>        | <u>590</u>        |
| <b>(ii) Chief Executive Officer's remuneration:</b> |                   |                   |
| Salary and allowances                               | 755               | 734               |
| Bonus   | 803               | 506               |
| Other benefits                                      | 12                | 88                |
|   | <u>1,570</u>      | <u>1,328</u>      |

**14. Regulatory capital requirement**

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

|                                       | <b>30.06.2021</b> | <b>31.12.2020</b> |
|---------------------------------------|-------------------|-------------------|
|                                       | <b>RM'000</b>     | <b>RM'000</b>     |
| <b><u>Eligible Tier 1 Capital</u></b> |                   |                   |
| Share capital (paid-up)               | 125,024           | 125,024           |
| Reserves, including retained earnings | 934,126           | 995,622           |
|                                       | <u>1,059,150</u>  | <u>1,120,646</u>  |
| <b><u>Tier 2 Capital</u></b>          |                   |                   |
| Eligible reserves                     | 9,720             | 10,696            |
| Deductions                            | (6,043)           | (7,546)           |
| Total capital available               | <u>1,062,827</u>  | <u>1,123,796</u>  |

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**15. 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<br>RM'000 |
|---|-------------------|---|--|--|----------------------------|
|   |                   | Level 1 -<br>Quoted<br>market<br>price<br>in active<br>market<br>RM'000 | Level 2 -<br>Significant<br>observable<br>inputs<br>RM'000 | Level 3 -<br>Significant<br>unobservable<br>inputs<br>RM'000 |                            |
| <b>Assets measured at fair value:</b>       |                   |   |  |  |                            |
| Investment properties                       | November 2020     | -   | -  | 300  | 300                        |
| <b>FVTPL:</b>                               |                   |   |  |  |                            |
| Malaysian Government securities             | 30 June 2021      | -   | 850,440  | -  | 850,440                    |
| Government investment issues                | 30 June 2021      | -   | 208,018  | -  | 208,018                    |
| Malaysian Government<br>guaranteed bonds    | 30 June 2021      | -   | 491,729  | -  | 491,729                    |
| Unquoted debt securities                    | 30 June 2021      | -   | 1,503,710  | -  | 1,503,710                  |
| Quoted equity securities                    | 30 June 2021      | 326,113   | -  | -  | 326,113                    |
| Quoted exchange traded funds                | 30 June 2021      | 97,228  | -  | -  | 97,228                     |
| Unquoted equity securities                  | 30 June 2021      | -   | -  | 18,790   | 18,790                     |
| Quoted unit and property trust funds        | 30 June 2021      | 62,126  | -  | -  | 62,126                     |
| Unquoted unit trust funds                   | 30 June 2021      | -   | 90,112   | -  | 90,112                     |
| Deposits with financial institutions        | 30 June 2021      | -   | 555,678  | -  | 555,678                    |
|   |                   | <b>485,467</b>  | <b>3,699,687</b>   | <b>18,790</b>  | <b>4,203,944</b>           |
| <b>Assets measured at revalued amounts:</b> |                   |   |  |  |                            |
| - Property and equipment                    | November 2020     | -   | -  | 10,429   | 10,429                     |
|   |                   | <b>485,467</b>  | <b>3,699,687</b>   | <b>29,519</b>  | <b>4,214,673</b>           |

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**15. 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<br>RM'000 |
|---|-------------------|---|--|--|----------------------------|
|   |                   | Level 1 -<br>Quoted<br>market<br>price<br>in active<br>market<br>RM'000 | Level 2 -<br>Significant<br>observable<br>inputs<br>RM'000 | Level 3 -<br>Significant<br>unobservable<br>inputs<br>RM'000 |                            |
| <b>Assets measured at fair value:</b>       |                   |   |  |  |                            |
| Investment properties                       | November 2020     | -   | -  | 945  | 945                        |
| <b>FVTPL:</b>                               |                   |   |  |  |                            |
| Malaysian Government securities             | 31 December 2020  | -   | 1,033,195  | -  | 1,033,195                  |
| Government investment issues                | 31 December 2020  | -   | 222,853  | -  | 222,853                    |
| Malaysian Government<br>guaranteed bonds    | 31 December 2020  | -   | 525,760  | -  | 525,760                    |
| Unquoted debt securities                    | 31 December 2020  | -   | 1,581,730  | -  | 1,581,730                  |
| Quoted equity securities                    | 31 December 2020  | 361,220   | -  | -  | 361,220                    |
| Quoted exchange traded funds                | 31 December 2020  | 67,279  | -  | -  | 67,279                     |
| Unquoted equity securities                  | 31 December 2020  | -   | -  | 17,890   | 17,890                     |
| Quoted unit and property<br>trust funds     | 31 December 2020  | 64,619  | -  | -  | 64,619                     |
| Unquoted unit trust funds                   | 31 December 2020  | -   | 62,521   | -  | 62,521                     |
| Deposits with financial<br>institutions     | 31 December 2020  | -   | 356,967  | -  | 356,967                    |
|   |                   | 493,118   | 3,783,026  | 17,890   | 4,294,034                  |
| <b>Assets measured at revalued amounts:</b> |                   |   |  |  |                            |
| - Property and equipment                    | November 2020     | -   | -  | 10,510   | 10,510                     |
|   |                   | 493,118   | 3,783,026  | 29,345   | 4,305,489                  |

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.

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**15. 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 2021 and 31 December 2020.

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

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**15. Fair value measurement (cont'd.)**

**Valuation methods and assumptions for properties and investment properties**

**Revalued properties**

The revalued land and buildings consist of office buildings, shop offices 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 an apartment which was 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:**

|  | <b>Apartment</b> | <b>Shop office/<br/>shop house</b> | <b>Office<br/>building</b> | <b>Total</b>  |
|--|------------------|------------------------------------|----------------------------|---------------|
|  | <b>RM'000</b>    | <b>RM'000</b>                      | <b>RM'000</b>              | <b>RM'000</b> |
| <b>As at 1 January 2020</b>  | -                | 12,123                             | 4,100                      | 16,223        |
| Revaluation deficit  | -                | (2,364)                            | (61)                       | (2,425)       |
| Transfer from/(to) non-current<br>assets held for sale                 | 300              | (3,350)                            | -                          | (3,050)       |
| Depreciation recognised in profit or<br>loss under management expenses | -                | (160)                              | (78)                       | (238)         |
| <b>As at 31 December 2020 /<br/>1 January 2021</b>                     | <b>300</b>       | <b>6,249</b>                       | <b>3,961</b>               | <b>10,510</b> |
| Depreciation recognised in profit or<br>loss under management expenses | (6)              | (33)                               | (42)                       | (81)          |
| <b>As at 30 June 2021</b>  | <b>294</b>       | <b>6,216</b>                       | <b>3,919</b>               | <b>10,429</b> |

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**15. Fair value measurement (cont'd.)**

**Valuation methods and assumptions for properties and investment properties (cont'd.)**

**Revalued properties (cont'd.)**

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

| <b>Type of property</b>              | <b>Valuation techniques</b> | <b>Key inputs</b>     | <b>Weighted average</b> |                 |
|--------------------------------------|-----------------------------|-----------------------|-------------------------|-----------------|
| Apartment                            | Comparison method           | Price per square foot | Building                | RM235           |
| Multi-storey shop office /shop house | Cost method                 | Price per square foot | Land<br>Building        | RM1,950<br>RM90 |
| 7 ½-storey office building           | Cost method                 | Price per square foot | Land<br>Building        | RM450<br>RM60   |

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. 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 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.

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**15. Fair value measurement (cont'd.)**

**Valuation methods and assumptions for properties and investment properties (cont'd.)**

**Investment properties (cont'd.)**

**Reconciliation of Level 3 fair value measurement:**

| <b>Shop office/shop houses</b>               | <b>RM'000</b>     |
|--|-------------------|
| <b>As at 1 January 2020</b>                  | 7,050             |
| Disposal                                     | (5,000)           |
| Transfer to non-current assets held for sale | (880)             |
| Fair value losses                            | (225)             |
| <b>As at 31 December 2020/1 January 2021</b> | <u>945</u>        |
| Transfer to non-current assets held for sale | (645)             |
| <b>As at 30 June 2021</b>                    | <u><u>300</u></u> |

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

| <b>Type of property</b>              | <b>Valuation technique</b> | <b>Key inputs</b>     | <b>Range (average)</b> |               |
|--------------------------------------|----------------------------|-----------------------|------------------------|---------------|
| Multi-storey shop office /shop house | Cost method                | Price per square foot | Land<br>Building       | RM211<br>RM61 |

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:**

|  | <b>30.06.2021</b>    | <b>31.12.2020</b>    |
|--|----------------------|----------------------|
|  | <b>RM'000</b>        | <b>RM'000</b>        |
| <b>As at 1 January 2021 / 1 January 2020</b> | 17,890               | 15,890               |
| Fair value gains                             | 900                  | 2,000                |
| <b>As at 30 June 2021 / 31 December 2020</b> | <u><u>18,790</u></u> | <u><u>17,890</u></u> |

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**16. 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 2021**

|                                     | Shareholders' fund |                | Life funds       |                  | Total            |                  |
|-------------------------------------|--------------------|----------------|------------------|------------------|------------------|------------------|
|                                     | 30.06.2021         | 31.12.2020     | 30.06.2021       | 31.12.2020       | 30.06.2021       | 31.12.2020       |
|                                     | RM'000             | RM'000         | RM'000           | RM'000           | RM'000           | RM'000           |
| <b>Assets</b>                       |                    |                |                  |                  |                  |                  |
| Property and equipment              | 28                 | 31             | 48,678           | 46,461           | 48,706           | 46,492           |
| Investment properties               | -                  | -              | 300              | 945              | 300              | 945              |
| Right-of-use assets                 | -                  | -              | 22,762           | 14,958           | 22,762           | 14,958           |
| Intangible assets                   | -                  | -              | 5,068            | 6,131            | 5,068            | 6,131            |
| Investments*                        | 262,485            | 253,970        | 4,165,788        | 4,276,196        | 4,418,171        | 4,520,771        |
| Reinsurance assets                  | -                  | -              | 20,482           | 20,213           | 20,482           | 20,213           |
| Insurance receivables               | 572                | 928            | 112,785          | 56,683           | 113,357          | 57,611           |
| Other receivables*                  | 104,951            | 104,540        | 41,473           | 40,944           | 43,574           | 43,058           |
| Tax recoverable                     | -                  | -              | 845              | 588              | 845              | 588              |
| Cash and bank balances              | 79                 | 74             | 32,237           | 55,379           | 32,316           | 55,453           |
| Non-current assets held for sale    | -                  | -              | 5,376            | 6,081            | 5,376            | 6,081            |
| <b>Total assets</b>                 | <b>368,115</b>     | <b>359,543</b> | <b>4,455,794</b> | <b>4,524,579</b> | <b>4,710,957</b> | <b>4,772,301</b> |
| <b>Total equity*</b>                | <b>339,332</b>     | <b>334,298</b> | <b>-</b>         | <b>-</b>         | <b>335,887</b>   | <b>331,390</b>   |
| <b>Liabilities</b>                  |                    |                |                  |                  |                  |                  |
| Insurance contract liabilities*     | -                  | -              | 3,946,435        | 4,052,340        | 3,940,604        | 4,046,509        |
| Deferred tax liabilities*           | 27,136             | 25,236         | 11,659           | 20,885           | 37,969           | 45,465           |
| Lease liabilities                   | -                  | -              | 23,092           | 15,637           | 23,092           | 15,637           |
| Insurance payables                  | -                  | -              | 244,067          | 189,160          | 244,067          | 189,160          |
| Other payables*                     | 1,647              | 9              | 230,541          | 246,557          | 129,338          | 144,140          |
| <b>Total liabilities</b>            | <b>28,783</b>      | <b>25,245</b>  | <b>4,455,794</b> | <b>4,524,579</b> | <b>4,375,070</b> | <b>4,440,911</b> |
| <b>Total equity and liabilities</b> | <b>368,115</b>     | <b>359,543</b> | <b>4,455,794</b> | <b>4,524,579</b> | <b>4,710,957</b> | <b>4,772,301</b> |

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

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**16. Insurance funds (cont'd.)**

**Income statement by fund**

**For the six-month period ended 30 June 2021**

|  | Shareholders' Fund                       |  | Life Funds                               |  | Total                                    |  |
|--|--|--|--|--|--|--|
|  | 01.01.2021<br>to<br>30.06.2021<br>RM'000 | 01.01.2020<br>to<br>30.06.2020<br>RM'000 | 01.01.2021<br>to<br>30.06.2021<br>RM'000 | 01.01.2020<br>to<br>30.06.2020<br>RM'000 | 01.01.2021<br>to<br>30.06.2021<br>RM'000 | 01.01.2020<br>to<br>30.06.2020<br>RM'000 |
| Gross earned premiums  | -  | -  | 353,083                                  | 324,273                                  | 353,083                                  | 324,273                                  |
| Premiums ceded to reinsurers   | -  | -  | (30,818)                                 | (29,418)                                 | (30,818)                                 | (29,418)                                 |
| <b>Net earned premiums</b>   | -  | -  | <b>322,265</b>                           | <b>294,855</b>                           | <b>322,265</b>                           | <b>294,855</b>                           |
| Investment income  | 5,037                                    | 5,215                                    | 84,498                                   | 86,612                                   | 89,535                                   | 91,827                                   |
| Realised gains/(losses)  | 331                                      | 173                                      | 3,731                                    | (6,755)                                  | 4,062                                    | (6,582)                                  |
| Fair value (losses)/gains*   | (5,959)                                  | 4,044                                    | (147,935)                                | 22,478                                   | (154,601)                                | 26,457                                   |
| Other operating revenue  | -  | -  | 853                                      | 62                                       | 853                                      | 62                                       |
| <b>Other revenue</b>   | <b>(591)</b>                             | <b>9,432</b>                             | <b>(58,853)</b>                          | <b>102,397</b>                           | <b>(60,151)</b>                          | <b>111,764</b>                           |
| Gross benefits and claims paid   | (15)                                     | (154)                                    | (276,422)                                | (333,328)                                | (276,437)                                | (333,482)                                |
| Claims ceded to reinsurers   | -  | -  | 20,074                                   | 16,344                                   | 20,074                                   | 16,344                                   |
| Gross change in contract liabilities   | -  | -  | 105,993                                  | 6,283                                    | 105,993                                  | 6,283                                    |
| Change in contract liabilities<br>ceded to reinsurers  | -  | -  | 269                                      | 12,720                                   | 269                                      | 12,720                                   |
| <b>Net benefits and claims</b>   | <b>(15)</b>                              | <b>(154)</b>                             | <b>(150,086)</b>                         | <b>(297,981)</b>                         | <b>(150,101)</b>                         | <b>(298,135)</b>                         |
| Fee and commission expenses  | (1,623)                                  | (609)                                    | (48,967)                                 | (41,724)                                 | (50,590)                                 | (42,333)                                 |
| Other operating expenses   | (1,525)                                  | -  | (1,192)                                  | (2,290)                                  | (2,717)                                  | (2,290)                                  |
| Management expenses  | (2,589)                                  | (2,088)                                  | (52,812)                                 | (49,019)                                 | (55,401)                                 | (51,107)                                 |
| Interest expense on lease<br>liabilities   | -  | -  | (206)                                    | (419)                                    | (206)                                    | (419)                                    |
| Taxation of life insurance business  | -  | -  | 3,960                                    | (5,786)                                  | 3,960                                    | (5,786)                                  |
| <b>Other expenses</b>  | <b>(5,737)</b>                           | <b>(2,697)</b>                           | <b>(99,217)</b>                          | <b>(99,238)</b>                          | <b>(104,954)</b>                         | <b>(101,935)</b>                         |
| <b>(Loss)/Profit from operations</b>   | <b>(6,343)</b>                           | <b>6,581</b>                             | <b>14,109</b>                            | <b>33</b>                                | <b>7,059</b>                             | <b>6,549</b>                             |
| Reclassification of unallocated<br>surplus of non-participating<br>funds to shareholders' fund | 14,109                                   | 33                                       | (14,109)                                 | (33)                                     | -  | -  |
| <b>Profit before taxation</b>  | <b>7,766</b>                             | <b>6,614</b>                             | <b>-</b>                                 | <b>-</b>                                 | <b>7,059</b>                             | <b>6,549</b>                             |
| Taxation*  | (2,732)                                  | (1,891)                                  | -  | -  | (2,562)                                  | (1,875)                                  |
| <b>Net profit for the period</b>   | <b>5,034</b>                             | <b>4,723</b>                             | <b>-</b>                                 | <b>-</b>                                 | <b>4,497</b>                             | <b>4,674</b>                             |

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

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**16. Insurance funds (cont'd.)**

**Statements of cash flows by fund**  
**For the six-month period ended 30 June 2021**

|  | Shareholders' Fund                       |  | Life Funds                               |  | Total                                    |  |
|--|--|--|--|--|--|--|
|  | 01.01.2021<br>to<br>30.06.2021<br>RM'000 | 01.01.2020<br>to<br>30.06.2020<br>RM'000 | 01.01.2021<br>to<br>30.06.2021<br>RM'000 | 01.01.2020<br>to<br>30.06.2020<br>RM'000 | 01.01.2021<br>to<br>30.06.2021<br>RM'000 | 01.01.2020<br>to<br>30.06.2020<br>RM'000 |
| <b>Cash flows from:</b>  |  |  |  |  |  |  |
| Operating activities   | 23,248                                   | 789                                      | 158,575                                  | (59,754)                                 | 181,823                                  | (58,965)                                 |
| Investing activities   | -  | 8,261                                    | (3,306)                                  | (7,279)                                  | (3,306)                                  | 982                                      |
| Financing activities   | -  | -  | (2,394)                                  | (1,821)                                  | (2,394)                                  | (1,821)                                  |
| <b>Net increase/(decrease) in<br/>cash and cash equivalents</b>                | 23,248                                   | 9,050                                    | 152,875                                  | (68,854)                                 | 176,123                                  | (59,804)                                 |
| At beginning of period   | 18,548                                   | 62,372                                   | 393,324                                  | 549,324                                  | 411,872                                  | 611,696                                  |
| At end of period   | 41,796                                   | 71,422                                   | 546,199                                  | 480,470                                  | 587,995                                  | 551,892                                  |
| Cash and cash equivalents<br>comprise of:                                      |  |  |  |  |  |  |
| Cash and bank balances   | 79                                       | 288                                      | 32,237                                   | 18,686                                   | 32,316                                   | 18,974                                   |
| Short term deposits with original<br>maturity periods of less than<br>3 months | 41,717                                   | 71,134                                   | 513,962                                  | 461,784                                  | 555,679                                  | 532,918                                  |
|  | 41,796                                   | 71,422                                   | 546,199                                  | 480,470                                  | 587,995                                  | 551,892                                  |

**17. Seasonal or cyclical factors**

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

**18. Unusual items**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the current financial period ended 30 June 2021.

**19. 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.

**20. 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.

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**21. Significant event during the period**

- (a) During the current financial period ended 30 June 2021, the Company:
- (i) completed the disposals of two properties for a total cash consideration of RM1.3 million, recognising losses thereon of RM98,000.
  - (ii) entered into Sale and Purchase Agreements for disposals of a property. The disposal has 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 2021, the Company has performed assessments, 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 financial results for the period ended 30 June 2021.

With the current status of the national COVID-19 vaccination programme, management will continue to monitor and assess the impact of the pandemic on the Company's operations and financial results for the financial year.

The management believes that the Company has sufficient capital to withstand the impact of COVID-19 on the business.

**22. Material events subsequent to the end of the period**

There were no material events subsequent to the end of the interim reporting period that have not been reported in the unaudited condensed interim financial statements.

**23. Contingent liabilities**

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

**24. Effect of changes in composition of the Company**

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