

**QBE INSURANCE (MALAYSIA) BERHAD**

(Company No. 161086-D)  
(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL STATEMENTS**

**For the Financial Period from 1 January 2021 to 30 June 2021**

**QBE INSURANCE (MALAYSIA) BERHAD**

(Company No. 161086-D)

(Incorporated in Malaysia)

<b>Contents</b>	<b>Page</b>
Unaudited Statement of Financial Position	1
Unaudited Statement of Comprehensive Income	2
Unaudited Statement of Changes in Equity	3
Unaudited Cash Flow Statement	4
Notes to the Unaudited Interim Financial Statements	5 - 10

**QBE INSURANCE (MALAYSIA) BERHAD**

(Company No. 161086-D)

(Incorporated in Malaysia)

**UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021**

		<b>30.06.2021</b>	<b>31.12.2020</b>
	Note	RM	RM
<b>ASSETS</b>			
Property, plant and equipment		7,422,967	7,948,774
Intangible assets		687,160	978,778
Right-of-use assets		816,065	1,053,032
Investments	10	485,931,509	477,647,273
Loans and receivables		485,931,509	477,647,273
Reinsurance assets	11	32,505,910	77,398,124
Insurance receivables		76,602,565	74,829,278
Other receivables		51,134,491	52,511,926
Deferred tax asset		3,733,415	3,265,355
Cash and bank balances		14,070,249	15,360,705
<b>TOTAL ASSETS</b>		<b>672,904,331</b>	<b>710,993,245</b>
<b>LIABILITIES</b>			
Insurance contract liabilities	11	374,762,780	407,719,970
Insurance payables		15,254,359	15,786,556
Lease Liabilities		793,706	1,032,356
Tax payable		185,751	729,101
Other payables		62,867,670	67,332,684
<b>TOTAL LIABILITIES</b>		<b>453,864,266</b>	<b>492,600,667</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital		108,000,000	108,000,000
Retained earnings		111,040,065	110,392,578
		219,040,065	218,392,578
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>672,904,331</b>	<b>710,993,245</b>

The accompanying notes are an integral part of these financial statements

**QBE INSURANCE (MALAYSIA) BERHAD**

(Company No. 161086-D)

(Incorporated in Malaysia)

**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2021**

	<b>6 months period ended 30.06.2021 RM</b>	<b>6 months period ended 30.06.2020 RM</b>
Gross earned premiums	112,898,614	122,192,978
Premium ceded to reinsurers	(23,053,473)	(29,773,805)
Net earned premiums	<u>89,845,141</u>	<u>92,419,173</u>
Investment income	3,753,219	8,651,321
Loss on disposal of property, plant and equipment	23,745	-
Reinsurance commission income	2,578,963	3,804,565
Other operating expense	(6,050)	(8,125)
Total Revenue	<u>96,195,018</u>	<u>104,866,934</u>
Gross claims paid	(49,346,084)	(57,681,234)
Claims recoveries from reinsurers	10,030,766	15,836,444
Gross charge to claims liabilities	33,086,315	(23,153,974)
Charge in claims liabilities ceded to reinsurers	(45,445,824)	9,609,855
Net claims	<u>(51,674,827)</u>	<u>(55,388,909)</u>
Fee and commission expense	(18,590,233)	(21,554,426)
Management expenses	(24,355,014)	(24,261,535)
Other expenses	<u>(42,945,247)</u>	<u>(45,815,961)</u>
Profit before taxation	1,574,944	3,662,064
Taxation	(927,457)	(1,235,716)
Net profit and total comprehensive income for the year	<u><u>647,487</u></u>	<u><u>2,426,348</u></u>
EARNING PER SHARE (SEN)	0.30	1.12

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**QBE INSURANCE (MALAYSIA) BERHAD**

(Company No. 161086-D)

(Incorporated in Malaysia)

**UNAUDITED STATEMENT OF CHANGES IN EQUITY  
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2021**

	<b>Share Capital</b>	<b>Distributable Retained Earnings</b>	<b>Total</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>At 1 January 2020</b>	108,000,000	94,715,079	202,715,079
Total comprehensive income for the financial period	-	2,426,348	2,426,348
<b>At 30 June 2020</b>	<u>108,000,000</u>	<u>97,141,427</u>	<u>205,141,427</u>
<b>At 1 January 2021</b>	108,000,000	110,392,578	218,392,578
Total comprehensive income for the financial period	-	647,487	647,487
<b>At 30 June 2021</b>	<u>108,000,000</u>	<u>111,040,065</u>	<u>219,040,065</u>

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**QBE INSURANCE (MALAYSIA) BERHAD**

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**UNAUDITED CASH FLOW STATEMENT  
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2021**

	<b>6 months period ended 30.06.2021 RM</b>	<b>6 months period ended 30.06.2020 RM</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net profit for the financial period	647,487	2,426,348
Adjustments for :		
Depreciation on property, plant and equipment	661,584	589,205
Amortisation of intangible assets	291,618	874,867
Depreciation of right-of-use assets	382,445	523,823
Loss on disposal of property, plant & equipment	(19,270)	-
Allowance of impairment on insurance receivables	1,164,991	282,927
Interest income	(3,753,219)	(8,651,321)
Taxation	927,457	1,235,716
<b>Profit from operation before changes in operating assets and liabilities</b>	<u>303,093</u>	<u>(2,718,435)</u>
Decrease in LAR investments	(10,000,000)	(1,000,000)
Decrease in premium liabilities	(424,486)	(2,656,289)
Increase in claims liabilities	12,359,509	13,544,119
Increase in insurance receivables	(2,938,278)	(7,373,557)
Increase in other receivables	1,377,435	1,229,847
Decrease in insurance payables	(532,197)	(6,210,329)
Decrease in other payables	(4,465,014)	(3,795,634)
Income taxes paid	(1,938,865)	(1,194,500)
Interest income received	5,468,983	10,843,493
<b>Net cash generated from operating activities</b>	<u>(789,820)</u>	<u>668,715</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of property, plant & equipment	252,841	-
Purchase of property, plant & equipment	(369,349)	(493,949)
<b>Net cash used in investing activities</b>	<u>(116,508)</u>	<u>(493,949)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of lease liabilities	(384,128)	(530,413)
<b>Net cash used in financing activities</b>	<u>(384,128)</u>	<u>(530,413)</u>
Net movement in cash and cash equivalents	(1,290,456)	(355,647)
Cash and cash equivalents at 1 January	15,360,705	7,762,651
Cash and cash equivalents at 30 June	<u>14,070,249</u>	<u>7,407,004</u>
<b>Cash and cash equivalents comprise:</b>		
Cash and bank balances	<u>14,070,249</u>	<u>7,407,004</u>

The accompanying notes are an integral part of these financial statements

## **QBE INSURANCE (MALAYSIA) BERHAD**

(Company No. 161086-D)  
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### **NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS**

#### **1. PRINCIPAL ACTIVITY**

The Company, a public limited liability Company incorporated and domiciled in Malaysia, is principally engaged in the underwriting of all classes of general insurance business. There has been no significant change in the nature of this activity during the financial year.

#### **2. BASIS OF PREPARATION**

##### **STATEMENT OF COMPLIANCE**

The unaudited interim financial statements of the Company have been prepared in accordance with the Malaysian Financial Reporting Standard (“MFRS”) 134, “Interim Financial Reporting” which 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 financial year ended 31 December 2020.

The Company has met the minimum capital requirements as prescribed by the Risk-Based Capital Framework (“the RBC Framework”) as at the date of the statement of financial position.

The preparation of interim financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the interim financial statements, and the reported amounts of revenues and expenses during the reported financial period. It also requires Directors to exercise their judgment in the process of applying the Company’s accounting policies. Although these estimates and judgment are based on the Directors’ best knowledge of current events and actions, actual results may differ from those estimates.

The accounting policies and presentation adopted by the Company for the interim financial statements are consistent with those adopted by the Company’s audited financial statements for the financial year ended 31 December 2020.

#### **3. COMMENTS ON SEASONALITY OR CYCLICALITY**

The business operations of the Company were not significantly affected by seasonality or cyclical factors for the period under review.

#### **4. UNUSUAL ITEM AFFECTING ASSETS, LIABILITIES, EQUITY, NET INCOME OR CASH FLOWS**

There were no items affecting assets, liabilities, equity, net income or cash flows which are unusual because of their nature, size or incidence in the current interim financial period ended 30 June 2021.

#### **5. CHANGES IN ESTIMATES**

There were no material changes in the basis used for accounting estimates for the current interim financial period ended 30 June 2021.

#### **6. ISSUES, REPURCHASES AND REPAYMENTS OF DEBT AND EQUITY SECURITIES**

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities by the Company in the current interim financial period ended 30 June 2021.

**QBE INSURANCE (MALAYSIA) BERHAD**

(Company No. 161086-D)

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS (CONTINUED)**

**7. DIVIDEND PAID**

No dividend has been paid by the Company in the current interim financial period ended 30 June 2021.

**8. EVENTS SUBSEQUENT TO THE INTERIM PERIOD**

In the beginning of 2021, the rapid spread of the Covid-19 has been declared a pandemic and it has caused one of the most severe economic and financial market turmoil.

COVID-19 continued to disrupt economies and capital market worldwide. The operating environment continues to be challenging in the near term as consumer and retailer sentiments are expected to remain subdued against the backdrop of economic uncertainties.

While the results of the Company for the year have remained resilient, the Company has been taking necessary and thoughtful steps to strengthen its business resilience and adjust its operating models in managing the business. The Company will continue to monitor the situation and remains vigilant and cautious in managing operating costs, business growth and risk profile of the Company's portfolio.

**9. EFFECT OF CHANGES IN THE COMPOSITION OF THE COMPANY**

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



**QBE INSURANCE (MALAYSIA) BERHAD**

(Company No. 161086-D)

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS (CONTINUED)****10. INVESTMENTS**

	<b>30.06.2021</b>	<b>31.12.2020</b>
	<b>RM</b>	<b>RM</b>
The Company's investments are summarised as follows:		
Loan and receivables ("LAR")	481,000,000	471,000,000
Accrued interest	4,931,509	6,647,273
	<u>485,931,509</u>	<u>477,647,273</u>
Total investments	<u>485,931,509</u>	<u>477,647,273</u>

The Company's investments for the current period are all short term investments.

**(a) LAR**

	<b>30.06.2021</b>	<b>31.12.2020</b>
	<b>RM</b>	<b>RM</b>
<b>Amortised cost</b>		
Deposits with financial institutions	481,000,000	471,000,000
Accrued interest	4,931,509	6,647,273
Total investments at LAR	<u>485,931,509</u>	<u>477,647,273</u>

The carrying value of investments in LAR as at 30 June 2021 approximates their fair value.

**(b) Carrying Values of Financial Instruments**

	<b>LAR</b>	<b>Total</b>
	<b>RM</b>	<b>RM</b>
<b>At 1 January 2020</b>	491,478,690	491,478,690
Purchases/ deposits	795,033,973	795,033,973
Maturities	(807,033,973)	(807,033,973)
Movement in accrued interest	(1,831,417)	(1,831,417)
<b>At 31 December 2020</b>	<u>477,647,273</u>	<u>477,647,273</u>
Purchases/ deposits	303,000,000	303,000,000
Maturities	(293,000,000)	(293,000,000)
Movement in accrued interest	(1,715,764)	(1,715,764)
<b>At 30 June 2021</b>	<u>485,931,509</u>	<u>485,931,509</u>

**QBE INSURANCE (MALAYSIA) BERHAD**

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS (CONTINUED)****11. INSURANCE CONTRACT LIABILITIES**

	<b>Gross RM</b>	<b>Reinsurance RM</b>	<b>Net RM</b>
<b>At 30 June 2021</b>			
Claims liabilities	287,714,086	(26,016,287)	261,697,799
Premium liabilities	87,048,694	(6,489,623)	80,559,071
	<u>374,762,780</u>	<u>(32,505,910)</u>	<u>342,256,870</u>
<b>At 31 December 2020</b>			
Claims liabilities	320,800,401	(71,462,111)	249,338,290
Premium liabilities	86,919,569	(5,936,013)	80,983,556
	<u>407,719,970</u>	<u>(77,398,124)</u>	<u>330,321,846</u>
<b>At 30 June 2021</b>			
Provision for outstanding claims	204,191,200	(20,311,933)	183,879,267
Provision for incurred but not reported claims ("IBNR")	83,522,886	(5,704,354)	77,818,532
Claims liabilities (i)	<u>287,714,086</u>	<u>(26,016,287)</u>	<u>261,697,799</u>
Premium liabilities (ii)	87,048,694	(6,489,623)	80,559,071
	<u>374,762,780</u>	<u>(32,505,910)</u>	<u>342,256,870</u>
<b>At 31 December 2020</b>			
Provision for outstanding claims	243,054,616	(66,814,953)	176,239,663
Provision for incurred but not reported claims ("IBNR")	77,745,785	(4,647,158)	73,098,627
Claims liabilities (i)	<u>320,800,401</u>	<u>(71,462,111)</u>	<u>249,338,290</u>
Premium liabilities (ii)	86,919,569	(5,936,013)	80,983,556
	<u>407,719,970</u>	<u>(77,398,124)</u>	<u>330,321,846</u>

**QBE INSURANCE (MALAYSIA) BERHAD**

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS (CONTINUED)****12. SIGNIFICANT RELATED PARTY TRANSACTIONS**

The significant related party transactions of the Company are as follows:

	<b>30.06.2021</b>	<b>30.06.2020</b>
	<b>RM</b>	<b>RM</b>
<b>Related companies</b>		
Reinsurance premium ceded	(28,172,557)	(38,202,196)
Reinsurance commission earned	1,300,710	2,146,047
Reinsurance claims recoveries	4,824,655	9,387,341

**13. REGULATORY CAPITAL REQUIREMENTS**

The capital structure of the company as at 30 June 2021, as prescribed under the RBC Framework is as below:

	<b>30.06.2021</b>	<b>31.12.2020</b>
	<b>RM</b>	<b>RM</b>
Eligible Tier 1 Capital		
Share capital (paid-up)	108,000,000	108,000,000
Reserves, including retained earnings	111,040,065	110,392,578
	<u>219,040,065</u>	<u>218,392,578</u>
Amounts deducted from Capital	(3,733,415)	(3,265,355)
Total Capital Available	<u>215,306,650</u>	<u>215,127,223</u>