

# DANAJAMIN NASIONAL BERHAD

Company No. : 854686-K

## UNAUDITED INTERIM FINANCIAL STATEMENTS INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

|   |      | As at<br>30 June<br>2019 | As at<br>31 December<br>2018 |
|---|------|--------------------------|------------------------------|
|   | Note | <u>RM'000</u>            | <u>RM'000</u>                |
| <b>ASSETS</b>                                     |      |                          |                              |
| Property, plant and equipment                     |      | 2,127                    | 2,833                        |
| Intangible assets                                 |      | 1,266                    | 1,221                        |
| Available-for-sale securities                     | 5    | 843,894                  | 1,027,689                    |
| Deposits and placements with licensed banks       | 6    | 1,564,234                | 1,316,367                    |
| Insurance receivables                             | 7    | 340,297                  | 366,400                      |
| Reinsurance assets                                | 8    | 25,188                   | 16,039                       |
| Tax recoverable                                   |      | 6,318                    | 11,985                       |
| Right-of-use assets                               |      | 3,754                    | -                            |
| Other assets                                      |      | 2,067                    | 2,880                        |
| Cash and cash equivalents                         |      | 1,783                    | 2,173                        |
| <b>TOTAL ASSETS</b>                               |      | <b><u>2,790,928</u></b>  | <b><u>2,747,587</u></b>      |
| <b>LIABILITIES AND EQUITY</b>                     |      |                          |                              |
| Premium liabilities                               | 9    | 373,395                  | 425,946                      |
| Claims liabilities                                | 10   | 74,744                   | -                            |
| Insurance payables                                | 11   | 5,129                    | 10,062                       |
| Lease liabilities                                 |      | 3,780                    | -                            |
| Other liabilities                                 | 12   | 4,921                    | 12,310                       |
| Deferred tax liabilities                          | 13   | 6,864                    | 887                          |
| Subordinated Sukuk                                | 14   | 505,523                  | 505,589                      |
| <b>TOTAL LIABILITIES</b>                          |      | <b><u>974,356</u></b>    | <b><u>954,794</u></b>        |
| Share capital                                     |      | 1,000,000                | 1,000,000                    |
| Retained earnings                                 |      | 768,376                  | 761,872                      |
| Contingency reserve                               |      | 22,973                   | 23,092                       |
| Available-for-sale fair value reserve             |      | 25,223                   | 7,829                        |
| <b>TOTAL EQUITY</b>                               |      | <b><u>1,816,572</u></b>  | <b><u>1,792,793</u></b>      |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b> |      | <b><u>2,790,928</u></b>  | <b><u>2,747,587</u></b>      |

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

# DANAJAMIN NASIONAL BERHAD

Company No. : 854686-K

## UNAUDITED INTERIM FINANCIAL STATEMENTS INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2019

|   | Six Months<br>Ended<br>30 June<br>2019<br><u>RM'000</u> | Six Months<br>Ended<br>30 June<br>2018<br><u>RM'000</u> |
|---|---|---|
| Gross earned premiums   | 42,385  | 47,727  |
| Premiums ceded to reinsurance   | <u>(3,778)</u>  | <u>(4,172)</u>  |
| Net earned premiums   | 38,607  | 43,555  |
| Investment income   | 49,773  | 45,595  |
| Other operating income  | <u>13,243</u>   | <u>1,720</u>  |
| <b>Total Revenue</b>  | <b>101,623</b>  | <b>90,870</b>   |
| <br>  |   |   |
| Gross change in claims liabilities  | (74,743)  | -   |
| Change in claims liabilities ceded to reinsurers  | <u>17,860</u>   | <u>-</u>  |
| Net claims incurred   | <u>(56,883)</u>   | <u>-</u>  |
| <br>  |   |   |
| Management expenses   | (20,205)  | (21,338)  |
| Finance cost  | <u>(12,000)</u>   | <u>(11,901)</u>   |
| <b>Profit before taxation</b>   | <b>12,535</b>   | <b>57,631</b>   |
| Taxation  | <u>(6,150)</u>  | <u>-</u>  |
| <b>Net profit for the financial period</b>  | <b>6,385</b>  | <b>57,631</b>   |
| <br>  |   |   |
| <b>Other comprehensive income:</b>  |   |   |
| <u>Items that may be subsequently reclassified</u><br><u>to profit or loss:</u>         |   |   |
| Available-for-sale fair value reserve:  |   |   |
| Net gain/(loss) arising during the financial period                                     | 31,817  | (2,529)   |
| Net gain transferred to profit or loss upon disposal                                    | (8,930)   | (86)  |
| Tax effect thereon  | <u>(5,493)</u>  | <u>-</u>  |
| <b>Other comprehensive income/(loss) for the</b><br><b>financial period, net of tax</b> | <u>17,394</u>   | <u>(2,615)</u>  |
| <b>Total comprehensive income for the</b><br><b>financial period</b>                    | <u>23,779</u>   | <u>55,016</u>   |
| <br>  |   |   |
| <b>Basic earnings per share (sen)</b>   | <u>0.64</u>   | <u>5.76</u>   |

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

# DANAJAMIN NASIONAL BERHAD

Company No. : 854686-K

## UNAUDITED INTERIM FINANCIAL STATEMENTS INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2019

|  | Non-Distributable |                              | Distributable          |                      | Total            |
|--|-------------------|------------------------------|------------------------|----------------------|------------------|
|  | Share<br>capital  | AFS<br>fair value<br>reserve | Contingency<br>reserve | Retained<br>earnings |                  |
|  | RM'000            | RM'000                       | RM'000                 | RM'000               | RM'000           |
| <b>At 1 January 2019</b>                                       | <b>1,000,000</b>  | <b>7,829</b>                 | <b>23,092</b>          | <b>761,872</b>       | <b>1,792,793</b> |
| Net profit for the financial period                            | -                 | -                            | -                      | 6,385                | 6,385            |
| Dividend paid for the financial year ended<br>31 December 2018 | -                 | -                            | -                      | -                    | -                |
| Available-for-sale ("AFS") fair value reserve:                 |                   |                              |                        |                      |                  |
| Net gain arising during the financial period                   | -                 | 31,817                       | -                      | -                    | 31,817           |
| Net gain transferred to profit or loss upon disposal           | -                 | (8,930)                      | -                      | -                    | (8,930)          |
| Tax effect thereon   | -                 | (5,493)                      | -                      | -                    | (5,493)          |
| Transfer from contingency reserve                              | -                 | -                            | (119)                  | 119                  | -                |
| <b>At 30 June 2019</b>   | <b>1,000,000</b>  | <b>25,223</b>                | <b>22,973</b>          | <b>768,376</b>       | <b>1,816,572</b> |
| <b>At 1 January 2018</b>                                       | <b>1,000,000</b>  | <b>3,009</b>                 | <b>29,432</b>          | <b>647,728</b>       | <b>1,680,169</b> |
| Net profit for the financial period                            | -                 | -                            | -                      | 57,631               | 57,631           |
| Dividend for the financial year ended<br>31 December 2017      | -                 | -                            | -                      | (11,400)             | (11,400)         |
| AFS fair value reserve:  |                   |                              |                        |                      |                  |
| Net loss arising during the financial period                   | -                 | (2,529)                      | -                      | -                    | (2,529)          |
| Net gain transferred to profit or loss upon disposal           | -                 | (86)                         | -                      | -                    | (86)             |
| Transfer from contingency reserve                              | -                 | -                            | (264)                  | 264                  | -                |
| <b>At 30 June 2018</b>   | <b>1,000,000</b>  | <b>394</b>                   | <b>29,168</b>          | <b>694,223</b>       | <b>1,723,785</b> |

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

**DANAJAMIN NASIONAL BERHAD**

Company No. : 854686-K

**UNAUDITED INTERIM FINANCIAL STATEMENTS  
INTERIM CONDENSED STATEMENT OF CASH FLOWS  
FOR THE SIX MONTHS ENDED 30 JUNE 2019**

|   | <b>As at<br/>30 June 2019</b> | <b>As at<br/>30 June 2018</b> |
|---|-------------------------------|-------------------------------|
|   | <b>RM'000</b>                 | <b>RM'000</b>                 |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                         |                               |                               |
| Profit before taxation  | <b>12,535</b>                 | 57,631                        |
| Adjustments for:  |                               |                               |
| Depreciation of property, plant and equipment                       | <b>804</b>                    | 765                           |
| Depreciation of right-of-use assets                                 | <b>995</b>                    | -                             |
| Loss on disposal of property, plant and equipment                   | -                             | 3                             |
| Amortisation of intangible assets                                   | <b>451</b>                    | 372                           |
| Net gain from disposal of AFS securities                            | <b>(8,835)</b>                | (123)                         |
| Net amortisation of premiums for AFS securities                     | <b>115</b>                    | 102                           |
| Interest income   | <b>(49,889)</b>               | (45,697)                      |
| Finance cost  | <b>12,000</b>                 | 11,901                        |
|   | <b>(31,824)</b>               | 24,954                        |
| Purchase of AFS securities  | <b>(175,000)</b>              | (358,968)                     |
| Proceeds from disposal of AFS securities                            | <b>343,300</b>                | 85,139                        |
| Proceeds from maturity of AFS securities                            | <b>45,000</b>                 | 25,000                        |
| (Increase)/ decrease in deposits and placements with licensed banks | <b>(231,205)</b>              | 232,026                       |
| Investment income received  | <b>35,327</b>                 | 34,214                        |
| Decrease in insurance receivables                                   | <b>26,103</b>                 | 92,024                        |
| (Increase)/ decrease in reinsurance assets                          | <b>(9,149)</b>                | 6,775                         |
| Decrease/(increase) in other assets                                 | <b>813</b>                    | (207)                         |
| Decrease in premium liabilities                                     | <b>(52,551)</b>               | (115,264)                     |
| Increase in claims liabilities                                      | <b>74,744</b>                 | -                             |
| Decrease in insurance payables                                      | <b>(4,933)</b>                | (6,719)                       |
| (Decrease)/increase in other liabilities                            | <b>(7,362)</b>                | 3,757                         |
| Net cash inflows from operating activities                          | <b>13,263</b>                 | 22,731                        |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                         |                               |                               |
| Purchase of property, plant and equipment                           | <b>(114)</b>                  | (609)                         |
| Purchase of intangible assets                                       | <b>(505)</b>                  | (317)                         |
| Net cash outflows from investing activities                         | <b>(619)</b>                  | (926)                         |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                          |                               |                               |
| Profit paid on Subordinated Sukuk                                   | <b>(11,967)</b>               | (11,967)                      |
| Repayment of lease liabilities                                      | <b>(1,067)</b>                | -                             |
| Dividends paid  | -                             | (11,400)                      |
| Net cash outflows from financing activities                         | <b>(13,034)</b>               | (23,367)                      |
| NET DECREASE IN CASH AND CASH EQUIVALENTS                           | <b>(390)</b>                  | (1,562)                       |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD      | <b>2,173</b>                  | 3,537                         |
| <b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD</b>     | <b>1,783</b>                  | 1,975                         |
| <b>Cash and cash equivalents comprise:</b>                          |                               |                               |
| Cash and bank balances  | <b>1,783</b>                  | 1,975                         |

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

# DANAJAMIN NASIONAL BERHAD

Company No. : 854686-K

## NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2019

### 1. BASIS OF PREPARATION

The interim financial statements are unaudited, and have been prepared under the historical cost convention and should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018. The financial statements comply with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 in Malaysia.

The preparation of financial statements is in conformity with the MFRS which requires the use of certain accounting estimates and assumptions that affect the reported amount 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 the Directors to exercise their judgement in the process of applying the Company's accounting policies. Although these estimates are based on the Directors' best knowledge of current events and actions, actual results may differ from those estimates.

### 2. NEW AND AMENDED STANDARDS ADOPTED BY THE COMPANY

The Company has adopted MFRS 16 Leases retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

### 3. ACCOUNTING POLICIES

The accounting policies and the critical accounting estimates and assumptions applied in the preparation of the interim financial statements are consistent with those adopted in the preparation of the Company's financial statements for the financial year ended 31 December 2018 except for the changes in the accounting policy on the adoption of MFRS 16 Leases.

### 4. CHANGES IN ACCOUNTING POLICIES

On adoption of MFRS 16 Leases, the Company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of MFRS 117 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 4.15% per annum.

The right-of-use asset is depreciated in accordance with the principle in MFRS 116, Property, Plant and Equipment and the lease liability is accreted over time with interest expense recognised in profit or loss.

The Company adopted MFRS 16 Leases using the modified retrospective approach and measured the right-of-use assets equals to the lease liabilities as at 1 January 2019 with no restatement of comparative information.

The recognised right-of-use assets relate to the following types of assets:

|            | <u>30-Jun-19</u> | <u>01-Jan-19</u> |
|------------|------------------|------------------|
|            | <u>RM'000</u>    | <u>RM'000</u>    |
| Properties | 3,684            | 4,653            |
| Equipment  | 70               | 96               |
|            | <u>3,754</u>     | <u>4,749</u>     |

The change in accounting policy affected the following items in the balance sheet on 1 January 2019:

- Right-of-use assets: increase by RM4,749,000
- Lease liabilities: increase by RM4,749,000

# DANAJAMIN NASIONAL BERHAD

Company No. : 854686-K

## NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2019

### 4. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

In applying MFRS 16 Leases for the first time, the Company has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics

The Company has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Company relied on its assessment made applying MFRS 117 Leases and IC Interpretation 4 Determining whether an Arrangement contains a Lease.

### 5. AVAILABLE-FOR-SALE SECURITIES

|                                 | As at<br>30 June<br>2019<br><u>RM'000</u> | As at<br>31 December<br>2018<br><u>RM'000</u> |
|---------------------------------|---|---|
| <u>At fair value</u>            |   |   |
| <u>Unquoted in Malaysia:</u>    |   |   |
| Malaysian Government Securities | 30,623                                    | 30,308  |
| Government Investment Issues    | 119,463                                   | 368,263                                       |
| Corporate debt securities       | <u>693,808</u>                            | <u>629,118</u>                                |
|                                 | <u>843,894</u>                            | <u>1,027,689</u>                              |
| <br>                            |   |   |
| Mature within 12 months         | 16,553                                    | 63,831  |
| Mature after 12 months          | <u>827,341</u>                            | <u>963,858</u>                                |
|                                 | <u>843,894</u>                            | <u>1,027,689</u>                              |

# DANAJAMIN NASIONAL BERHAD

Company No. : 854686-K

## NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2019 (CONTINUED)

### 5. AVAILABLE-FOR-SALE SECURITIES (CONTINUED)

#### Fair value hierarchy

The fair value analyses financial instruments carried at fair value, by valuation method. The different level have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

#### Recurring fair value measurements

The available-for-sale securities, which are under Level 2 of the fair value hierarchy, are measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions and for which pricing is obtained via pricing agencies and other service provider. Where prices have not been determined in an active market, instruments with fair values are based on broker quotes.

### 6. DEPOSITS AND PLACEMENTS WITH LICENSED BANKS

The deposits and placements are maturing within 12 months, and the carrying amounts approximate the fair values due to the relatively short-term maturity of these balances.

### 7. INSURANCE RECEIVABLES

|   | As at<br>30 June<br>2019<br>RM'000 | As at<br>31 December<br>2018<br>RM'000 |
|---|------------------------------------|--|
| Premium receivables   | 335,850                            | 364,346                                |
| Fee receivables   | 4,447                              | 2,054                                  |
|   | <u>340,297</u>                     | <u>366,400</u>                         |
| Receivable within 12 months   | 62,023                             | 69,414                                 |
| Receivable after 12 months  | 278,274                            | 296,986                                |
|   | <u>340,297</u>                     | <u>366,400</u>                         |
| Gross/net amount of recognised financial assets<br>presented in the statement of financial position | <u>340,297</u>                     | <u>366,400</u>                         |

There are no financial liabilities subject to an enforceable master netting arrangement or similar agreement and financial instruments received as collateral as at 30 June 2019 (31 December 2018: Nil).

# DANAJAMIN NASIONAL BERHAD

Company No. : 854686-K

## NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2019 (CONTINUED)

### 8. REINSURANCE ASSETS

|                             | <b>As at<br/>30 June<br/>2019<br/>RM'000</b> | <b>As at<br/>31 December<br/>2018<br/>RM'000</b> |
|-----------------------------|--|--|
| Reinsurance assets          | <b>25,188</b>                                | 16,039   |
| Receivable within 12 months | <b>20,933</b>                                | 7,555  |
| Receivable after 12 months  | <b>4,255</b>                                 | 8,484  |
|                             | <b>25,188</b>                                | 16,039   |

### 9. PREMIUM LIABILITIES

|  | <b>Gross<br/>RM'000</b> | <b>Reinsurance<br/>RM'000</b> | <b>Net<br/>RM'000</b> |
|--|-------------------------|-------------------------------|-----------------------|
| <u>Unearned premium reserve</u>  |                         |                               |                       |
| At 1 January 2019  | 425,946                 | (16,039)                      | 409,907               |
| Premiums written during the financial period                             | (10,166)                | -                             | (10,166)              |
| Premiums reversed during the financial period<br>due to early redemption | -                       | -                             | -                     |
| Premiums earned during the financial period                              | (42,385)                | (9,149)                       | (51,534)              |
| At 30 June 2019  | <b>373,395</b>          | <b>(25,188)</b>               | <b>348,207</b>        |
| Payable within 12 months   | 6,610                   | (20,933)                      | (14,323)              |
| Payable after 12 months  | 366,785                 | (4,255)                       | 362,530               |
|  | <b>373,395</b>          | <b>(25,188)</b>               | <b>348,207</b>        |
| <u>Unearned premium reserve</u>  |                         |                               |                       |
| At 1 January 2018  | 525,830                 | (21,230)                      | 504,600               |
| Premiums written during the financial year                               | (9,913)                 | (3,002)                       | (12,915)              |
| Premiums earned during the financial year                                | (89,971)                | 8,193                         | (81,778)              |
| At 31 December 2018  | 425,946                 | (16,039)                      | 409,907               |
| Payable within 12 months   | 13,909                  | (7,555)                       | 6,354                 |
| Payable after 12 months  | 412,037                 | (8,484)                       | 403,553               |
|  | 425,946                 | (16,039)                      | 409,907               |



# DANAJAMIN NASIONAL BERHAD

Company No. : 854686-K

## NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2019 (CONTINUED)

### 10. CLAIMS LIABILITIES

The Company recognised claims liabilities for the first time amounting to gross amount of RM74,744,000 during the half year ended 30 June 2019.

The claim liability reserve is recognised as a result of heightened credit risk of certain obligors during the six months period ended 30 June 2019.

### 11. INSURANCE PAYABLES

|  | As at<br>30 June<br>2019<br>RM'000 | As at<br>31 December<br>2018<br>RM'000 |
|--|------------------------------------|--|
| Reinsurance premium payable  | <u>5,129</u>                       | <u>10,062</u>                          |
| Payable within 12 months   | 1,753                              | 4,561                                  |
| Payable after 12 months  | <u>3,376</u>                       | <u>5,501</u>                           |
|  | <u>5,129</u>                       | <u>10,062</u>                          |
| Gross/net amount of recognised financial liabilities<br>presented in the statement of financial position | <u>5,129</u>                       | <u>10,062</u>                          |

There are no financial assets subject to an enforceable master netting arrangement or similar agreement and financial instruments received as collateral as at 30 June 2018 (31 December 2018: Nil).

### 12. OTHER LIABILITIES

|                                     | As at<br>30 June<br>2019<br>RM'000 | As at<br>31 December<br>2018<br>RM'000 |
|-------------------------------------|------------------------------------|--|
| Provision for unutilised leave      | 291                                | 188                                    |
| Provision for loan interest subsidy | 107                                | 111                                    |
| Provision for audit fees            | 411                                | 222                                    |
| Provision for bonus and related EPF | 2,432                              | 5,089                                  |
| Amount due to a related party       | 30                                 | 23                                     |
| Accrued expenses                    | 533                                | 1,370                                  |
| Deferred income                     | -                                  | 1,433                                  |
| Service tax payable                 | 339                                | 3,285                                  |
| Other payables                      | <u>778</u>                         | <u>589</u>                             |
|                                     | <u>4,921</u>                       | <u>12,310</u>                          |

The amount due to a related party is unsecured, interest-free and had no fixed terms of repayment. The balances are payable within 12 months, and the carrying amounts approximate the fair values due to the relatively short-term maturity of these balances.

# DANAJAMIN NASIONAL BERHAD

Company No. : 854686-K

## NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2019 (CONTINUED)

### 13. DEFERRED TAX LIABILITIES

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets and current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting are shown in the statement of financial position:

|                                    | <b>As at<br/>30 June<br/>2019</b> | <b>As at<br/>31 December<br/>2018</b> |
|------------------------------------|-----------------------------------|---------------------------------------|
|                                    | <b>RM'000</b>                     | <b>RM'000</b>                         |
| Deferred tax liabilities (net)     | <b>(6,864)</b>                    | <b>(887)</b>                          |
| <u>Deferred tax assets</u>         |                                   |                                       |
| - to be recovered within 12 months | 679                               | 1,293                                 |
| - to be recovered after 12 months  | 422                               | 360                                   |
| Before offsetting                  | <b>1,101</b>                      | 1,653                                 |
| Offsetting                         | <b>(1,101)</b>                    | <b>(1,653)</b>                        |
| After offsetting                   | <b>-</b>                          | <b>-</b>                              |
| <u>Deferred tax liabilities</u>    |                                   |                                       |
| - to be recovered within 12 months | -                                 | -                                     |
| - to be recovered after 12 months  | <b>(7,965)</b>                    | <b>(2,540)</b>                        |
| Before offsetting                  | <b>(7,965)</b>                    | <b>(2,540)</b>                        |
| Offsetting                         | <b>1,101</b>                      | 1,653                                 |
| After offsetting                   | <b>(6,864)</b>                    | <b>(887)</b>                          |

The movements in deferred tax assets and liabilities during the financial year are as follows:

|   | <b>Property,<br/>plant and<br/>equipment</b> | <b>Intangible<br/>assets</b> | <b>AFS<br/>securities</b> | <b>AFS fair<br/>value<br/>reserve</b> | <b>Provisions</b> | <b>Total</b>   |
|---|--|------------------------------|---------------------------|---------------------------------------|-------------------|----------------|
|   | <b>RM'000</b>                                | <b>RM'000</b>                | <b>RM'000</b>             | <b>RM'000</b>                         | <b>RM'000</b>     | <b>RM'000</b>  |
| Balance as at 1 January 2019              | (11)   | (57)                         | 360                       | (2,472)                               | 1,293             | (887)          |
| Credited/(charged) to<br>income statement | 57   | 75                           | (2)                       | -                                     | (614)             | (484)          |
| Credited to equity                        | -  | -                            | -                         | (5,493)                               | -                 | (5,493)        |
| <b>Balance as at 30 June 2019</b>         | <b>46</b>                                    | <b>18</b>                    | <b>358</b>                | <b>(7,965)</b>                        | <b>679</b>        | <b>(6,864)</b> |

# DANAJAMIN NASIONAL BERHAD

Company No. : 854686-K

## NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2019 (CONTINUED)

### 14. SUBORDINATED SUKUK

On 6 October 2017, the Company issued Subordinated Sukuk Murabahah of RM500 million which is a part of a Sukuk Programme of up to RM2.0 billion for the issuance of Senior and Subordinated Sukuk Murabahah.

The Subordinated Sukuk has a tenure of 10 years, with a callable option made available from year 5 onwards. The Subordinated Sukuk, which will be redeemed at its nominal value upon maturity, is subordinated unsecured obligations of the Company.

|                      | <b>As at<br/>30 June<br/>2019<br/>RM'000</b> | <b>As at<br/>31 December<br/>2018<br/>RM'000</b> |
|----------------------|--|--|
| Due within 12 months | 5,523  | 5,589  |
| Due after 12 months  | 500,000                                      | 500,000  |
|                      | <b>505,523</b>                               | <b>505,589</b>                                   |
| Fair value           | <b>509,950</b>                               | <b>503,230</b>                                   |

The estimated fair value is generally based on quoted and observable market prices at the date of the statement of financial position and is within Level 2 of the fair value hierarchy.

|                        | <b>At 1 January<br/>2019<br/>RM'000</b> | <b>Cashflows<br/>RM'000</b> | <b>Non-cash<br/>charges/Profit<br/>RM'000</b> | <b>At 30 June<br/>2019<br/>RM'000</b> |
|------------------------|---|-----------------------------|---|---------------------------------------|
| Subordinated Sukuk     | 500,000                                 | -                           | -   | 500,000                               |
| Profit expense payable | 5,589                                   | (11,967)                    | 11,901  | 5,523                                 |
|                        | <b>505,589</b>                          | <b>(11,967)</b>             | <b>11,901</b>                                 | <b>505,523</b>                        |

### 15. CAPITAL COMMITMENTS

|   | <b>As at<br/>30 June<br/>2019<br/>RM'000</b> | <b>As at<br/>31 December<br/>2018<br/>RM'000</b> |
|---|--|--|
| <b>Capital expenditure</b>              |  |  |
| Approved and contracted for:            |  |  |
| - Property, plant and equipment         | 1  | -  |
| - Intangible assets - computer software | 507  | 777  |
|   | <b>508</b>                                   | <b>777</b>                                       |
| Approved but not contracted for:        |  |  |
| - Property, plant and equipment         | -  | -  |
| - Intangible assets - computer software | -  | -  |
|   | -  | -  |

# DANAJAMIN NASIONAL BERHAD

Company No. : 854686-K

## NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2019 (CONTINUED)

### 16. SIGNIFICANT RELATED PARTY DISCLOSURES

The related parties of, and their relationship with the Company, are as follows:

| <u>Related parties</u>                       | <u>Relationship</u>          |
|--|------------------------------|
| Credit Guarantee Corporation Malaysia Berhad | Shareholder                  |
| Minister of Finance (Incorporate)            | Shareholder                  |
| Bank Negara Malaysia                         | Related party of shareholder |
| Key management personnel                     | The key management personnel |

The significant related parties balance at the end of the financial period is as follows:

|                                 | <b>As at<br/>30 June<br/>2019</b> | As at<br>31 December<br>2018 |
|---------------------------------|-----------------------------------|------------------------------|
|                                 | <b>RM'000</b>                     | RM'000                       |
| Other assets                    |                                   |                              |
| Amount due from a related party | <u>-</u>                          | <u>-</u>                     |
| Other liabilities (Note 12)     |                                   |                              |
| Amount due to a related party   | <u><b>30</b></u>                  | <u>23</u>                    |

# DANAJAMIN NASIONAL BERHAD

Company No. : 854686-K

## NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2019 (CONTINUED)

### 17. REGULATORY CAPITAL REQUIREMENT

The Risk-Based Capital ("RBC") Framework as prescribed by Bank Negara Malaysia ("BNM") came into effect on 1 January 2015. Under the prescribed RBC Framework, the Company needs to maintain a capital adequacy level that commensurate with the risk profiles. The Company is required to maintain a minimum Capital Adequacy Ratio ("CAR") of 130%. The Company has been in compliance with the said requirement.

The capital structure of the Company as at 30 June 2019, as prescribed under the RBC Framework is shown below:

|                                       | <b>As at<br/>30 June<br/>2019</b> | <b>As at<br/>31 December<br/>2018</b> |
|---------------------------------------|-----------------------------------|---------------------------------------|
|                                       | <b>RM'000</b>                     | <b>RM'000</b>                         |
| <b>Tier 1 Capital</b>                 |                                   |                                       |
| Paid-up share capital                 | <b>1,000,000</b>                  | 1,000,000                             |
| Retained earnings                     | <b>768,376</b>                    | 761,872                               |
|                                       | <b>1,768,376</b>                  | 1,761,872                             |
| <b>Tier 2 Capital</b>                 |                                   |                                       |
| Contingency reserve                   | <b>22,973</b>                     | 23,092                                |
| Available-for-sale fair value reserve | <b>25,223</b>                     | 7,829                                 |
| Subordinated Sukuk                    | <b>500,000</b>                    | 500,000                               |
| Other Tier 2 capital instruments      | <b>34,837</b>                     | 24,717                                |
|                                       | <b>583,033</b>                    | 555,638                               |
| <b>Total capital available</b>        | <b>2,351,409</b>                  | 2,317,510                             |

# DANAJAMIN NASIONAL BERHAD

Company No. : 854686-K

## NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2019 (CONTINUED)

### 18. INSURANCE FUNDS

The Company's activities are organised by funds and segregated into Shareholders' Fund and Insurance Fund in accordance with the Financial Services Act 2013.

The Company's statement of financial position and statement of comprehensive income have been further analysed by Shareholders' Fund and Insurance Fund.

#### Interim Condensed Statement of Financial Position

|   | <u>Shareholders' Fund</u> |        | <u>Insurance Fund</u> |           | <u>Total</u>     |           |
|---|---------------------------|--------|-----------------------|-----------|------------------|-----------|
|   | <b>As at</b>              | As at  | <b>As at</b>          | As at     | <b>As at</b>     | As at     |
|   | <b>30 June</b>            | 31 Dec | <b>30 June</b>        | 31 Dec    | <b>30 June</b>   | 31 Dec    |
|   | <b>2019</b>               | 2018   | <b>2019</b>           | 2018      | <b>2019</b>      | 2018      |
|   | <b>RM'000</b>             | RM'000 | <b>RM'000</b>         | RM'000    | <b>RM'000</b>    | RM'000    |
| <b>ASSETS</b>                               |                           |        |                       |           |                  |           |
| Property, plant and equipment               | -                         | -      | <b>2,127</b>          | 2,833     | <b>2,127</b>     | 2,833     |
| Intangible assets                           | -                         | -      | <b>1,266</b>          | 1,221     | <b>1,266</b>     | 1,221     |
| Available-for-sale securities               | -                         | -      | <b>843,894</b>        | 1,027,689 | <b>843,894</b>   | 1,027,689 |
| Malaysian Government Securities             | -                         | -      | <b>30,623</b>         | 30,308    | <b>30,623</b>    | 30,308    |
| Government Investment Issues                | -                         | -      | <b>119,463</b>        | 368,263   | <b>119,463</b>   | 368,263   |
| Corporate debt securities                   | -                         | -      | <b>693,808</b>        | 629,118   | <b>693,808</b>   | 629,118   |
| Deposits and placements with licensed banks | -                         | -      | <b>1,564,234</b>      | 1,316,367 | <b>1,564,234</b> | 1,316,367 |
| Insurance receivables                       | -                         | -      | <b>340,297</b>        | 366,400   | <b>340,297</b>   | 366,400   |
| Reinsurance assets                          | -                         | -      | <b>25,188</b>         | 16,039    | <b>25,188</b>    | 16,039    |
| Tax recoverable                             | -                         | -      | <b>6,318</b>          | 11,985    | <b>6,318</b>     | 11,985    |
| Other assets                                | -                         | -      | <b>2,067</b>          | 2,880     | <b>2,067</b>     | 2,880     |
| Right-of-use assets                         | -                         | -      | <b>3,754</b>          | -         | <b>3,754</b>     | -         |
| Cash and cash equivalents                   | -                         | -      | <b>1,783</b>          | 2,173     | <b>1,783</b>     | 2,173     |
| <b>TOTAL ASSETS</b>                         | -                         | -      | <b>2,790,928</b>      | 2,747,587 | <b>2,790,928</b> | 2,747,587 |

# DANAJAMIN NASIONAL BERHAD

Company No. : 854686-K

## NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2019 (CONTINUED)

### 18. INSURANCE FUNDS (CONTINUED)

|   | <u>Shareholders' Fund</u>                 |                                   | <u>Insurance Fund</u>                     |                                   | <u>Total</u>                              |                                   |
|---|---|-----------------------------------|---|-----------------------------------|---|-----------------------------------|
|   | As at<br>30 June<br>2019<br><u>RM'000</u> | As at<br>31 Dec<br>2018<br>RM'000 | As at<br>30 June<br>2019<br><u>RM'000</u> | As at<br>31 Dec<br>2018<br>RM'000 | As at<br>30 June<br>2019<br><u>RM'000</u> | As at<br>31 Dec<br>2018<br>RM'000 |
| <b>LIABILITIES AND EQUITY</b>                     |   |                                   |   |                                   |   |                                   |
| Premium liabilities                               | -   | -                                 | <b>373,395</b>                            | 425,946                           | <b>373,395</b>                            | 425,946                           |
| Claims liabilities                                | -   | -                                 | <b>74,744</b>                             | -                                 | <b>74,744</b>                             | -                                 |
| Insurance payables                                | -   | -                                 | <b>5,129</b>                              | 10,062                            | <b>5,129</b>                              | 10,062                            |
| Lease liability                                   | -   | -                                 | <b>3,780</b>                              | -                                 | <b>3,780</b>                              | -                                 |
| Other liabilities                                 | -   | -                                 | <b>4,921</b>                              | 12,310                            | <b>4,921</b>                              | 12,310                            |
| Deferred tax liabilities                          | -   | -                                 | <b>6,864</b>                              | 887                               | <b>6,864</b>                              | 887                               |
| Subordinated Sukuk                                | <b>505,523</b>                            | 505,589                           | -   | -                                 | <b>505,523</b>                            | 505,589                           |
| Amount due (from)/to                              |   |                                   |   |                                   |   |                                   |
| Shareholders'/Insurance funds                     | <b>(2,296,872)</b>                        | (2,290,553)                       | <b>2,296,872</b>                          | 2,290,553                         | -   | -                                 |
| <b>TOTAL LIABILITIES</b>                          | <b>(1,791,349)</b>                        | (1,784,964)                       | <b>2,765,705</b>                          | 2,739,758                         | <b>974,356</b>                            | 954,794                           |
| Share capital                                     | <b>1,000,000</b>                          | 1,000,000                         | -   | -                                 | <b>1,000,000</b>                          | 1,000,000                         |
| Retained earnings                                 | <b>768,376</b>                            | 761,872                           | -   | -                                 | <b>768,376</b>                            | 761,872                           |
| Contingency reserve                               | <b>22,973</b>                             | 23,092                            | -   | -                                 | <b>22,973</b>                             | 23,092                            |
| Available-for-sale fair value reserve             | -   | -                                 | <b>25,223</b>                             | 7,829                             | <b>25,223</b>                             | 7,829                             |
| <b>TOTAL EQUITY</b>                               | <b>1,791,349</b>                          | 1,784,964                         | <b>25,223</b>                             | 7,829                             | <b>1,816,572</b>                          | 1,792,793                         |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b> | <b>-</b>                                  | -                                 | <b>2,790,928</b>                          | 2,747,587                         | <b>2,790,928</b>                          | 2,747,587                         |

# DANAJAMIN NASIONAL BERHAD

Company No. : 854686-K

## NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2019 (CONTINUED)

### 18. INSURANCE FUNDS (CONTINUED)

#### Interim Condensed Statement of Comprehensive Income

|  | <u>Shareholders' Fund</u>           |                                     | <u>Insurance Fund</u>               |                                     | <u>Total</u>                        |                                     |
|--|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
|  | Six months<br>ended<br>30 June 2019 | Six months<br>ended<br>30 June 2018 | Six months<br>ended<br>30 June 2019 | Six months<br>ended<br>30 June 2018 | Six months<br>ended<br>30 June 2019 | Six months<br>ended<br>30 June 2018 |
|  | RM'000                              | RM'000                              | RM'000                              | RM'000                              | RM'000                              | RM'000                              |
| Gross earned premiums                              | -                                   | -                                   | 42,385                              | 47,727                              | 42,385                              | 47,727                              |
| Premiums ceded to reinsurance                      | -                                   | -                                   | (3,778)                             | (4,172)                             | (3,778)                             | (4,172)                             |
| Net earned premiums                                | -                                   | -                                   | 38,607                              | 43,555                              | 38,607                              | 43,555                              |
| Investment income                                  | -                                   | -                                   | 49,773                              | 45,595                              | 49,773                              | 45,595                              |
| Other operating income                             | -                                   | -                                   | 13,243                              | 1,720                               | 13,243                              | 1,720                               |
|  | -                                   | -                                   | 101,623                             | 90,870                              | 101,623                             | 90,870                              |
| Gross change in claims liabilities                 | -                                   | -                                   | (74,743)                            | -                                   | (74,743)                            | -                                   |
| Change in claims liabilities ceded to reinsurers   | -                                   | -                                   | 17,860                              | -                                   | 17,860                              | -                                   |
| Net claim incurred                                 | -                                   | -                                   | (56,883)                            | -                                   | (56,883)                            | -                                   |
| Management expenses                                | (1,732)                             | (1,718)                             | (18,473)                            | (19,620)                            | (20,205)                            | (21,338)                            |
| Finance cost                                       | (11,901)                            | (11,901)                            | (99)                                | -                                   | (12,000)                            | (11,901)                            |
| (Loss)/ profit before taxation                     | (13,633)                            | (13,619)                            | 26,168                              | 71,250                              | 12,535                              | 57,631                              |
| Taxation   | -                                   | -                                   | (6,150)                             | -                                   | (6,150)                             | -                                   |
| <b>Net (loss)/ profit for the financial period</b> | <b>(13,633)</b>                     | <b>(13,619)</b>                     | <b>20,018</b>                       | <b>71,250</b>                       | <b>6,385</b>                        | <b>57,631</b>                       |



# DANAJAMIN NASIONAL BERHAD

Company No. : 854686-K

## NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2019 (CONTINUED)

### 18. INSURANCE FUNDS (CONTINUED)

|   | <u>Shareholders' Fund</u> |                        | <u>Insurance Fund</u> |                      | <u>Total</u>         |                      |
|---|---------------------------|------------------------|-----------------------|----------------------|----------------------|----------------------|
|   | Six months<br>ended       | Six months<br>ended    | Six months<br>ended   | Six months<br>ended  | Six months<br>ended  | Six months<br>ended  |
|   | <u>30 June 2019</u>       | 30 June 2018           | <u>30 June 2019</u>   | 30 June 2018         | <u>30 June 2019</u>  | 30 June 2018         |
|   | RM'000                    | RM'000                 | RM'000                | RM'000               | RM'000               | RM'000               |
| <b>Other comprehensive income:</b>  |                           |                        |                       |                      |                      |                      |
| <u>Items that may be subsequently reclassified to profit or loss:</u>             |                           |                        |                       |                      |                      |                      |
| Available-for-sale fair value reserve:  |                           |                        |                       |                      |                      |                      |
| Net gain/(loss) arising during the financial period                               | -                         | -                      | <b>31,817</b>         | (2,529)              | <b>31,817</b>        | (2,529)              |
| Net gain transferred to profit or loss upon disposal                              | -                         | -                      | <b>(8,930)</b>        | (86)                 | <b>(8,930)</b>       | (86)                 |
| Tax effect thereon  | -                         | -                      | <b>(5,493)</b>        | -                    | <b>(5,493)</b>       | -                    |
| <b>Other comprehensive income/(loss) for<br/>the financial period, net of tax</b> | <b>-</b>                  | <b>-</b>               | <b>17,394</b>         | (2,615)              | <b>17,394</b>        | (2,615)              |
| <b>Total comprehensive income<br/>for the financial period</b>                    | <b><u>(13,633)</u></b>    | <b><u>(13,619)</u></b> | <b><u>37,412</u></b>  | <b><u>68,635</u></b> | <b><u>23,779</u></b> | <b><u>55,016</u></b> |