

DANAJAMIN NASIONAL BERHAD

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

		As at 30 June 2017 RM'000	As at 31 December 2016 RM'000
ASSETS			
Property, plant and equipment		3,490	3,787
Intangible assets		330	382
Available-for-sale securities	3	735,553	626,690
Deposits and placements with licensed banks	4	942,213	990,875
Insurance receivables	5	378,831	422,910
Reinsurance assets	6	25,385	31,121
Tax recoverable		11,985	11,985
Other assets		1,677	1,353
Cash and cash equivalents		2,675	5,082
TOTAL ASSETS		2,102,139	2,094,185
LIABILITIES AND EQUITY			
Premium liabilities	7	433,580	482,499
Insurance payables	8	18,320	23,439
Other liabilities	9	25,834	12,815
TOTAL LIABILITIES		477,734	518,753
Share capital		1,000,000	1,000,000
Retained earnings		595,558	549,054
Contingency reserve		25,616	26,518
Available-for-sale fair value reserve		3,231	(140)
TOTAL EQUITY		1,624,405	1,575,432
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		2,102,139	2,094,185

This interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016.

DANAJAMIN NASIONAL BERHAD

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

	Six Months Ended 30 June 2017	Six Months Ended 30 June 2016
	RM'000	RM'000
Gross earned premiums	44,590	47,372
Premiums ceded to reinsurance	(5,736)	(2,877)
Net earned premiums	38,854	44,495
Investment income	32,492	31,253
Other operating income	1,780	8,512
	73,126	84,260
Management expenses	(14,924)	(16,617)
Net profit for the financial period	58,202	67,643
Other comprehensive income:		
<u>Items that may be subsequently reclassified to the income statement:</u>		
Available-for-sale fair value reserve:		
Unrealised net gain on revaluation	3,826	8,868
Net transfer to income statement upon disposal	(455)	(1,905)
Other comprehensive income for the financial period, net of tax	3,371	6,963
Total comprehensive income for the financial period	61,573	74,606
Basic earnings per share (sen)	5.82	6.76

This interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016.

DANAJAMIN NASIONAL BERHAD

UNAUDITED INTERIM FINANCIAL STATEMENTS

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

	Non-Distributable		Distributable		Total
	Share capital	AFS fair value reserve	Contingency reserve	Retained earnings	
	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2017	1,000,000	(140)	26,518	549,054	1,575,432
Net profit for the financial period	-	-	-	58,202	58,202
Dividend for the financial year ended 31 December 2016	-	-	-	(12,600)	(12,600)
Available-for-sale ("AFS") fair value reserve:					
Unrealised net gain on revaluation	-	3,826	-	-	3,826
Net transfer to income statement upon disposal	-	(455)	-	-	(455)
Transfer from contingency reserve	-	-	(902)	902	-
At 30 June 2017	1,000,000	3,231	25,616	595,558	1,624,405
At 1 January 2016	1,000,000	(2,156)	26,255	435,703	1,459,802
Net profit for the financial period	-	-	-	67,643	67,643
Dividend for the financial year ended 31 December 2015	-	-	-	(11,900)	(11,900)
AFS fair value reserve:					
Unrealised net gain on revaluation	-	8,868	-	-	8,868
Net transfer to income statement upon disposal	-	(1,905)	-	-	(1,905)
Transfer from contingency reserve	-	-	1,778	(1,778)	-
At 30 June 2016	1,000,000	4,807	28,033	489,668	1,522,508

This interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016.

DANAJAMIN NASIONAL BERHAD

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

	As at 30 June 2017	As at 30 June 2016
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	58,202	67,643
Adjustments for:		
Depreciation of property, plant and equipment	744	685
Amortisation of intangible assets	95	189
Net gain from disposal of AFS securities	(328)	(1,257)
Net amortisation of premium for AFS securities	124	66
Interest income	(32,616)	(31,319)
	26,221	36,007
Purchase of AFS securities	(134,530)	(20,000)
Proceeds from disposal of AFS securities	19,886	223,591
Proceeds from maturity of AFS securities	10,000	-
Decrease/(increase) in deposits and placements with licensed banks	43,936	(275,495)
Investment income received	36,699	26,069
Decrease/(increase) in insurance receivables	44,079	(13,508)
Decrease/(increase) in reinsurance assets	5,736	(15,737)
(Increase)/decrease in other assets	(324)	179
(Decrease)/increase in premium liabilities	(48,919)	19,788
(Decrease)/increase in insurance payables	(5,119)	11,792
Increase in other liabilities	435	3,084
Income tax refunded	-	1,000
Net cash outflows from operating activities	(1,900)	(3,230)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(462)	(147)
Purchase of intangible assets	(45)	(147)
Net cash outflows from investing activities	(507)	(294)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,407)	(3,524)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	5,082	5,909
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	2,675	2,385
Cash and cash equivalents comprise:		
Cash and bank balances	2,675	2,385

This interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016.

DANAJAMIN NASIONAL BERHAD

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2017

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 2016. 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. 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 2016.

3. AVAILABLE-FOR-SALE SECURITIES

	As at 30 June 2017 RM'000	As at 31 December 2016 RM'000
<u>At fair value</u>		
<u>Unquoted in Malaysia:</u>		
Malaysian Government Securities ("MGS")	30,351	50,015
Government Investment Issues ("GII")	264,615	243,630
Corporate debt securities	440,587	333,045
	<u>735,553</u>	<u>626,690</u>
Mature within 12 months	47,533	31,783
Mature after 12 months	688,020	594,907
	<u>735,553</u>	<u>626,690</u>

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2017 (CONTINUED)

3. AVAILABLE-FOR-SALE SECURITIES (CONTINUED)

Fair value hierarchy

The table below 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.

4. 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.

5. INSURANCE RECEIVABLES

	As at 30 June 2017	As at 31 December 2016
	RM'000	RM'000
Premium receivables	377,331	421,410
Fee receivables	1,500	1,500
	<u>378,831</u>	<u>422,910</u>
Receivable within 12 months	74,348	81,154
Receivable after 12 months	304,483	341,756
	<u>378,831</u>	<u>422,910</u>
Gross/net amount of recognised financial assets presented in the statement of financial position	<u>378,831</u>	<u>422,910</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 2017 (31 December 2016: Nil).

DANAJAMIN NASIONAL BERHAD

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2017 (CONTINUED)

6. REINSURANCE ASSETS

	As at 30 June 2017 RM'000	As at 31 December 2016 RM'000
Reinsurance assets	25,385	31,121
Receivable within 12 months	9,561	11,178
Receivable after 12 months	15,824	19,943
	25,385	31,121

7. PREMIUM LIABILITIES

	<u>Gross</u> RM'000	<u>Reinsurance</u> RM'000	<u>Net</u> RM'000
<u>Unearned premium reserve</u>			
At 1 January 2017	482,499	(31,121)	451,378
Premiums written during the financial period	(4,329)	-	(4,329)
Premiums earned during the financial period	(44,590)	5,736	(38,854)
At 30 June 2017	433,580	(25,385)	408,195
Payable within 12 months	81,334	(9,561)	71,773
Payable after 12 months	352,246	(15,824)	336,422
	433,580	(25,385)	408,195
<u>Unearned premium reserve</u>			
At 1 January 2016	523,314	(12,684)	510,630
Premiums written during the financial year	57,399	(26,773)	30,626
Premiums earned during the financial year	(98,214)	8,336	(89,878)
At 31 December 2016	482,499	(31,121)	451,378
Payable within 12 months	9,430	(11,178)	(1,748)
Payable after 12 months	473,069	(19,943)	453,126
	482,499	(31,121)	451,378

DANAJAMIN NASIONAL BERHAD

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2017 (CONTINUED)

8. INSURANCE PAYABLES

	As at 30 June 2017	As at 31 December 2016
	RM'000	RM'000
Reinsurance premium payable	18,320	23,439
Payable within 12 months	7,609	9,022
Payable after 12 months	10,711	14,417
	18,320	23,439
Gross/net amount of recognised financial liabilities presented in the statement of financial position	18,320	23,439

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 2017 (31 December 2016: Nil).

9. OTHER LIABILITIES

	As at 30 June 2017	As at 31 December 2016
	RM'000	RM'000
Provision for unutilised leave	244	140
Provision for loan interest subsidy	119	116
Provision for audit fees	122	189
Provision for bonus and related EPF	2,539	7,618
Amount due to a related party	47	21
Accrued expenses	816	1,488
Deferred income	7,988	2,199
Other payables	1,359	1,044
Dividend payable	12,600	-
	25,834	12,815

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.

Dividend payable relates to the final single-tier dividend for the financial year ended 31 December 2016 which has been approved by the shareholders, and is fully paid on 4 July 2017.

DANAJAMIN NASIONAL BERHAD

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2017 (CONTINUED)

10. CAPITAL COMMITMENTS

	As at 30 June 2017 RM'000	As at 31 December 2016 RM'000
Capital expenditure		
Approved and contracted for:		
- Intangible assets - computer software	<u>246</u>	<u>201</u>
Approved but not contracted for:		
- Property, plant and equipment	200	200
- Intangible assets - computer software	<u>200</u>	<u>200</u>
	<u>400</u>	<u>400</u>

11. SIGNIFICANT RELATED PARTY DISCLOSURES

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

	As at 30 June 2017 RM'000	As at 31 December 2016 RM'000
Other liabilities (Note 9)		
Amount due to a related party	<u>47</u>	<u>21</u>

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2017 (CONTINUED)

12. 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 2017, as prescribed under the RBC Framework is shown below:

	As at 30 June 2017 RM'000	As at 31 December 2016 RM'000
Tier 1 Capital		
Paid-up share capital	1,000,000	1,000,000
Retained earnings	595,558	549,054
	1,595,558	1,549,054
Tier 2 Capital		
Contingency reserve	25,616	26,518
Available-for-sale fair value reserve	3,231	(140)
Other Tier 2 capital instruments	31,768	-
	60,615	26,378
Total capital available	1,656,173	1,575,432

DANAJAMIN NASIONAL BERHAD

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2017 (CONTINUED)

13. 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>	
	<u>As at 30 June 2017 RM'000</u>	<u>As at 31 Dec 2016 RM'000</u>	<u>As at 30 June 2017 RM'000</u>	<u>As at 31 Dec 2016 RM'000</u>	<u>As at 30 June 2017 RM'000</u>	<u>As at 31 Dec 2016 RM'000</u>
ASSETS						
Property, plant and equipment	-	-	3,490	3,787	3,490	3,787
Intangible assets	-	-	330	382	330	382
Available-for-sale securities	-	-	735,553	626,690	735,553	626,690
Malaysian Government Securities	-	-	30,351	50,015	30,351	50,015
Government Investment Issues	-	-	264,615	243,630	264,615	243,630
Corporate debt securities	-	-	440,587	333,045	440,587	333,045
Deposits and placements with licensed banks	-	-	942,213	990,875	942,213	990,875
Insurance receivables	-	-	378,831	422,910	378,831	422,910
Reinsurance assets	-	-	25,385	31,121	25,385	31,121
Tax recoverable	-	-	11,985	11,985	11,985	11,985
Other assets	-	-	1,677	1,353	1,677	1,353
Cash and cash equivalents	-	-	2,675	5,082	2,675	5,082
TOTAL ASSETS	-	-	2,102,139	2,094,185	2,102,139	2,094,185
LIABILITIES AND EQUITY						
Premium liabilities	-	-	433,580	482,499	433,580	482,499
Insurance payables	-	-	18,320	23,439	18,320	23,439
Other liabilities	-	-	25,834	12,815	25,834	12,815
Amount due (from)/to						
Shareholders'/Insurance funds	(1,621,174)	(1,575,572)	1,621,174	1,575,572	-	-
TOTAL LIABILITIES	(1,621,174)	(1,575,572)	2,098,908	2,094,325	477,734	518,753
Share capital	1,000,000	1,000,000	-	-	1,000,000	1,000,000
Retained earnings	595,558	549,054	-	-	595,558	549,054
Contingency reserve	25,616	26,518	-	-	25,616	26,518
Available-for-sale fair value reserve	-	-	3,231	(140)	3,231	(140)
TOTAL EQUITY	1,621,174	1,575,572	3,231	(140)	1,624,405	1,575,432
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	-	-	2,102,139	2,094,185	2,102,139	2,094,185

DANAJAMIN NASIONAL BERHAD

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2017 (CONTINUED)

13. INSURANCE FUNDS (CONTINUED)

Interim Condensed Statement of Comprehensive Income

	<u>Shareholders' Fund</u>		<u>Insurance Fund</u>		<u>Total</u>	
	Six months ended	Six months ended	Six months ended	Six months ended	Six months ended	Six months ended
	30 June 2017	30 June 2016	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Gross earned premiums	-	-	44,590	47,372	44,590	47,372
Premiums ceded to reinsurance	-	-	(5,736)	(2,877)	(5,736)	(2,877)
Net earned premiums	-	-	38,854	44,495	38,854	44,495
Investment income	-	-	32,492	31,253	32,492	31,253
Other operating income	-	-	1,780	8,512	1,780	8,512
	-	-	73,126	84,260	73,126	84,260
Management expenses	(1,442)	(1,410)	(13,482)	(15,207)	(14,924)	(16,617)
Net (loss)/ profit for the financial period	(1,442)	(1,410)	59,644	69,053	58,202	67,643
Other comprehensive income:						
<u>Items that may be subsequently reclassified to the income statement:</u>						
Available-for-sale fair value reserve:						
Unrealised net gain on revaluation	-	-	3,826	8,868	3,826	8,868
Net transfer to income statement upon disposal	-	-	(455)	(1,905)	(455)	(1,905)
Other comprehensive income for the financial period, net of tax	-	-	3,371	6,963	3,371	6,963
Total comprehensive (loss)/ income for the financial period	(1,442)	(1,410)	63,015	76,016	61,573	74,606