

LPI CAPITAL BHD
Condensed Consolidated Statement of Profit or Loss for the Quarter Ended 31 March 2019 - Unaudited

	Individual Period		Cumulative Period	
	Current Year Quarter Ended 31.03.2019 RM'000	Preceding Year Corresponding Quarter Ended 31.03.2018 RM'000	Current Year To Date Ended 31.03.2019 RM'000	Preceding Year Corresponding Period Ended 31.03.2018 RM'000
Operating revenue	392,702	380,998	392,702	380,998
Gross written premiums	460,887	483,245	460,887	483,245
Change in unearned premiums provision	(102,663)	(133,516)	(102,663)	(133,516)
Gross earned premiums	358,224	349,729	358,224	349,729
Gross written premiums ceded to reinsurers	(179,552)	(205,243)	(179,552)	(205,243)
Change in unearned premiums provision	56,963	71,913	56,963	71,913
Premiums ceded to reinsurers	(122,589)	(133,330)	(122,589)	(133,330)
Net earned premiums	235,635	216,399	235,635	216,399
Investment income	34,478	31,269	34,478	31,269
Fair value gains	733	51	733	51
Commission income	28,521	31,102	28,521	31,102
Net reversal of impairment loss on investments carried at amortised cost	3	-	3	-
Other operating income	1,682	2,720	1,682	2,720
Other income	65,417	65,142	65,417	65,142
Gross claims paid	(122,430)	(139,864)	(122,430)	(139,864)
Claims ceded to reinsurers	28,985	47,175	28,985	47,175
Gross change in claims liabilities	(28,431)	4,887	(28,431)	4,887
Change in claims liabilities ceded to reinsurers	10,099	(14,089)	10,099	(14,089)
Net claims incurred	(111,777)	(101,891)	(111,777)	(101,891)
Realised losses	-	(69)	-	(69)
Fair value losses	-	(1,093)	-	(1,093)
Commission expense	(40,833)	(38,969)	(40,833)	(38,969)
Management expenses	(50,053)	(48,586)	(50,053)	(48,586)
Net impairment loss on insurance receivables	(3,515)	(263)	(3,515)	(263)
Net impairment loss on investments carried at amortised cost	-	(1)	-	(1)
Other expenses	(94,401)	(88,981)	(94,401)	(88,981)
Operating profit	94,874	90,669	94,874	90,669
Finance costs	(190)	(4)	(190)	(4)
Share of profit after tax of equity accounted associated company	760	913	760	913
Profit before tax	95,444	91,578	95,444	91,578
Tax expense	(18,286)	(19,078)	(18,286)	(19,078)
Profit for the period	77,158	72,500	77,158	72,500
Profit attributable to:				
Owners of the Company	77,158	72,500	77,158	72,500
Earnings per ordinary share (sen)				
- Basic	19.37	18.20	19.37	18.20
- Diluted	N/A	N/A	N/A	N/A

N/A - *Not Applicable*.

Note : The Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the Annual Financial Report for the year ended 31 December 2018.

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Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Quarter Ended 31 March 2019 - Unaudited

	Individual Period		Cumulative Period	
	Current Year Quarter Ended 31.03.2019 RM'000	Preceding Year Corresponding Quarter Ended 31.03.2018 RM'000	Current Year To Date Ended 31.03.2019 RM'000	Preceding Year Corresponding Period Ended 31.03.2018 RM'000
Profit for the period	77,158	72,500	77,158	72,500
Other comprehensive income				
Items that are or may be reclassified subsequently to profit or loss				
Foreign currency translation differences for foreign operation	(1,859)	(2,879)	(1,859)	(2,879)
Items that will not be reclassified to profit or loss				
Net (losses)/gains on investments in equity instruments designated at fair value through other comprehensive income	(70,458)	141,931	(70,458)	141,931
Income tax relating to these items	418	36	418	36
Total other comprehensive (loss)/income for the period, net of tax	(71,899)	139,088	(71,899)	139,088
Total comprehensive income for the period attributable to owners of the Company	5,259	211,588	5,259	211,588

Note : The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2018.

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Condensed Consolidated Statement of Financial Position As At 31 March 2019 - Unaudited

	As At <u>31.03.2019</u>	As At <u>31.12.2018</u>
	RM'000	RM'000
Assets		
Plant and equipment	17,891	18,259
Right-of-use assets	20,942	-
Investment properties	27,090	27,360
Investment in an associated company	31,504	31,564
Other investments	1,293,919	1,368,652
Fair value through other comprehensive income	1,020,404	1,090,899
Fair value through profit or loss	180,723	179,831
Amortised cost	92,792	97,922
Reinsurance assets	886,278	819,596
Loans and receivables, excluding insurance receivables	1,312,297	1,351,063
Insurance receivables	261,410	159,997
Deferred acquisition costs	41,865	45,553
Cash and cash equivalents	416,243	418,509
Total assets	<u>4,309,439</u>	<u>4,240,553</u>
Equity		
Share capital	398,383	398,383
Reserves	1,596,340	1,758,402
Total equity	<u>1,994,723</u>	<u>2,156,785</u>
Liabilities		
Insurance contract liabilities	1,988,867	1,858,994
Deferred tax liabilities	3,805	4,893
Lease liabilities	21,085	-
Insurance payables	178,233	88,498
Other payables	97,983	107,112
Current tax payables	24,743	24,271
Total liabilities	<u>2,314,716</u>	<u>2,083,768</u>
Total equity and liabilities	<u>4,309,439</u>	<u>4,240,553</u>

Note : The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2018.

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Condensed Consolidated Statement of Changes in Equity for the Period Ended 31 March 2019 - Unaudited

	← Non-distributable	Foreign currency translation reserve	→ Fair value reserve	Distributable Retained earnings	Total
	Share capital RM'000	RM'000	RM'000	RM'000	RM'000
<u>3 Months Period Ended 31 March 2019</u>					
At 1 January 2019	398,383	23,283	930,382	804,737	2,156,785
Foreign currency translation differences for foreign operation	-	(1,859)	-	-	(1,859)
Net losses on investments in equity instruments designated at fair value through other comprehensive income	-	-	(70,040)	-	(70,040)
Total other comprehensive loss for the period	-	(1,859)	(70,040)	-	(71,899)
Profit for the period	-	-	-	77,158	77,158
Total comprehensive (loss)/income for the period	-	(1,859)	(70,040)	77,158	5,259
Distributions to owners of the Company					
Dividends to owners of the Company	-	-	-	(167,321)	(167,321)
Total transaction with owners of the Company	-	-	-	(167,321)	(167,321)
At 31 March 2019	398,383	21,424	860,342	714,574	1,994,723

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Condensed Consolidated Statement of Changes in Equity for the Period Ended 31 March 2019 - Unaudited (continued)

	← Non-distributable	Foreign currency translation reserve	Fair value reserve	→ Distributable Retained earnings	Total
	Share capital RM'000	RM'000	RM'000	RM'000	RM'000
3 Months Period Ended 31 March 2018					
At 31 December 2017	338,244	22,277	760,426	799,964	1,920,911
Changes on initial application of MFRS 9	-	-	(1,672)	3,993	2,321
At 1 January 2018	338,244	22,277	758,754	803,957	1,923,232
Foreign currency translation differences for foreign operation	-	(2,879)	-	-	(2,879)
Net gains on investments in equity instruments designated at fair value through other comprehensive income	-	-	141,967	-	141,967
Total other comprehensive (loss)/income for the period	-	(2,879)	141,967	-	139,088
Profit for the period	-	-	-	72,500	72,500
Total comprehensive (loss)/income for the period	-	(2,879)	141,967	72,500	211,588
Distributions to owners of the Company					
Issue of Ordinary Shares:					
- Expenses for issuance of equity securities	-	-	-	(86)	(86)
Dividends to owners of the Company	-	-	-	(149,394)	(149,394)
Total transactions with owners of the Company	-	-	-	(149,480)	(149,480)
At 31 March 2018	338,244	19,398	900,721	726,977	1,985,340

Notes : The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2018.

LPI CAPITAL BHD**Condensed Consolidated Statement of Cash Flow
for the Period Ended 31 March 2019 - Unaudited**

	Current Year To Date Ended <u>31.03.2019</u> RM'000	Preceding Year Corresponding Period Ended <u>31.03.2018</u> RM'000
Operating activities		
Profit before tax	95,444	91,578
Investment income	(34,478)	(31,269)
Net realised losses recorded in profit or loss	-	69
Net fair value (gains)/losses recorded in profit or loss	(733)	1,042
Share of profit of equity accounted associated company	(760)	(913)
Purchase of financial assets carried at fair value through profit or loss	(311)	(12,585)
Maturity of financial assets carried at amortised cost	5,000	5,960
Interest on lease liabilities	190	-
Interest on finance lease liabilities	-	4
Non-cash items:		
Depreciation of plant and equipment	840	850
Depreciation of right-of-use assets	1,791	-
Unrealised foreign exchange (gain)/loss	(14)	45
Net impairment loss on insurance receivables	3,515	263
(Reversal of impairment loss)/Impairment loss on investment carried at amortised cost	(3)	1
Changes in working capital:		
Decrease/(Increase) in loans and receivables	38,420	(41,009)
Increase in reinsurance assets	(67,062)	(57,824)
Increase in insurance receivables	(105,018)	(114,029)
Decrease in deferred acquisition costs	3,668	1,650
Increase in insurance contract liabilities	131,094	128,629
Increase in insurance payables	89,748	93,040
Decrease in other payables	(8,945)	(142)
Cash generated from operating activities	<u>152,386</u>	<u>65,360</u>
Dividend income received	18,297	15,720
Interest income received	15,994	15,283
Rental income on investment property received	211	289
Interest paid	(190)	-
Income tax paid	(18,474)	(21,044)
Net cash flows generated from operating activities	<u>168,224</u>	<u>75,608</u>

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Condensed Consolidated Statement of Cash Flow for the Period Ended 31 March 2019 - Unaudited (continued)

	Current Year To Date Ended <u>31.03.2019</u> RM'000	Preceding Year Corresponding Period Ended <u>31.03.2018</u> RM'000
Investing activities		
Purchase of plant and equipment	(496)	(608)
Net cash flows used in investing activities	<u>(496)</u>	<u>(608)</u>
Financing activities		
Expenses for issuance of equity securities	-	(86)
Dividends paid to owners of the Company	(167,321)	(149,394)
Repayment of lease liabilities	(1,648)	-
Repayment of finance lease liabilities	-	(888)
Net cash flows used in financing activities	<u>(168,969)</u>	<u>(150,368)</u>
Net decrease in cash and cash equivalents	(1,241)	(75,368)
Cash and cash equivalents at 1 January	418,509	294,459
Effect of movement in exchange rates	(1,025)	(1,727)
Cash and cash equivalents at 31 March	<u>416,243</u>	<u>217,364</u>

Note : The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the year ended 31 December 2018.

**PART A – NOTES TO THE QUARTERLY FINANCIAL STATEMENTS
PURSUANT TO MALAYSIAN FINANCIAL REPORTING
STANDARD (“MFRS”) 134**

A1. BASIS OF PREPARATION

The condensed consolidated interim financial statements have been prepared in accordance with MFRS 134, Interim Financial Reporting in Malaysia and with IAS 34, Interim Financial Reporting, and Paragraph 9.22 of the Bursa Malaysia Securities Berhad Listing Requirements. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2018.

The accounting policies and presentation adopted by the Group for the quarterly financial statements are consistent with those adopted in the Group’s consolidated audited financial statements for the financial year ended 31 December 2018, except for the adoption of the following:

MFRSs/Amendments/Interpretations	Effective date
MFRS 16, <i>Leases</i>	1 January 2019
IC Interpretation 23, <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
Amendments to MFRS 3, <i>Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)</i>	1 January 2019
Amendments to MFRS 9, <i>Financial Instruments – Prepayment Features with Negative Compensation</i>	1 January 2019
Amendments to MFRS 112, <i>Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)</i>	1 January 2019
Amendments to MFRS 119, <i>Employee Benefits - Plan Amendment, Curtailment or Settlement</i>	1 January 2019
Amendments to MFRS 123, <i>Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)</i>	1 January 2019
Amendments to MFRS 128, <i>Investments in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures</i>	1 January 2019

The initial application of the abovementioned standards, amendments and interpretations did not have any material impact to the current and prior periods financial statements upon their first adoption except as mentioned in Note A2 “changes in accounting policies”.

A2. CHANGES IN ACCOUNTING POLICIES

MFRS 16, *Leases*

The Group has adopted MFRS 16, *Leases* with a date of initial application on 1 January 2019. MFRS 16 replaces previous leases guidance, including MFRS 117 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, IC Interpretation 115 *Operating Leases – Incentives* and IC Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items.

Lessor accounting remains similar to the previous standard, MFRS 117 *Leases* – i.e. lessors continue to classify leases as finance or operating leases.

The details of the Group's accounting policies resulted from its adoption of MFRS 16 are as below.

i. Leases in which the Group is a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The nature of expenses related to those leases changed because the Group recognised a depreciation charge for right-of-use assets and interest expense on lease liabilities.

The right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted at the Group's incremental borrowing rate. The lease liability is subsequently measured at amortised cost using the effective interest method.

Previously, the Group recognised operating lease expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

A2. CHANGES IN ACCOUNTING POLICIES

MFRS 16, Leases (continued)

i. Leases in which the Group is a lessee (continued)

The Group applied a single discount rate to a portfolio of leases with similar characteristics as practical expedient when applying MFRS 16 to leases previously classified as operating leases under MFRS 117.

ii. Leases in which the Group is a lessor

No significant impact for leases in which the Group is a lessor.

iii. Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

iv. Impacts on financial statements

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

On transition to MFRS 16, the Group recognised an amount of RM22,863,000 of right-of-use assets and lease liabilities.

When measuring lease liabilities, the Group discounted lease payments using its incremental borrowing rate at 1 January 2019.

	RM'000
Operating lease commitment at 31 December 2018 as disclosed in the Group's Consolidated financial statements	<u>13,843</u>
Discounted using the incremental borrowing rate at 1 January 2019	13,245
Recognition exemption for lease of low value assets	(883)
Extension options reasonably certain to be exercised	<u>10,501</u>
Lease liabilities recognised at 1 January 2019	<u><u>22,863</u></u>

A3. COMMENTS ON SEASONALITY OR CYCLICALITY

The Group's insurance business operations were not significantly affected by seasonality or cyclical factors for the period under review.

However, for the investment holding segment, the dividend income generated from the dividend stocks are subject to timing of the payment of dividend which may fluctuate when comparing quarter to quarter. The Group's investment income is seasonally stronger in 1st Quarter and 3rd Quarter.

A4. 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 period ended 31 March 2019.

A5. CHANGES IN ESTIMATES

There were no material changes in the basis used for accounting estimates for the current interim period ended 31 March 2019.

A6. ISSUES, CANCELLATIONS, REPURCHASES, RESALE AND REPAYMENTS OF DEBT AND EQUITY SECURITIES

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities by LPI Capital Bhd ("LPI") in the current interim period ended 31 March 2019.

A7. DIVIDEND PAID

In the current interim period ended 31 March 2019, the Company paid a second interim single tier dividend of 42.00 sen per ordinary share amounting to RM167,320,756 in respect of the financial year ended 31 December 2018 on 27 February 2019.

A8. OPERATING SEGMENTS

The Group has two reportable segments, as described below, which are the Group's strategic business units. The strategic business units are managed separately based on the Group's management and internal reporting structure. For each of the strategic business units, the Group's Chief Executive Officer (the chief operating decision maker) reviews internal management reports on a monthly basis. Inter-segment pricing, if any, is determined based on negotiated terms.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment assets and liabilities are measured based on all assets and liabilities of a segment, as included in the internal management reports that are reviewed by the Group's Chief Executive Officer. Unallocated items mainly comprise interest-earning assets and revenue, interest-bearing loans, borrowings and expenses, and corporate assets and expenses.

Business segments

The Group comprises the following main business segments:

General insurance - Underwriting of all classes of general insurance business, mainly carried out by Lonpac Insurance Bhd

Investment holding - Investment holding operations, mainly carried out by LPI Capital Bhd

Segment reporting:

RM'000	← 3 Months Ended →					
	General insurance		Investment holding		Total	
	2019	2018	2019	2018	2019	2018
External revenue	375,182	364,885	17,520	16,113	392,702	380,998
Inter-segment revenue	-	-	130,000	130,000	130,000	130,000
Segment profit before tax	79,908	77,356	145,536	144,222	225,444	221,578
Segment assets	3,187,462	2,905,475	1,321,977	1,390,289	4,509,439	4,295,764
Segment liabilities	2,312,502	2,108,953	2,214	1,471	2,314,716	2,110,424

A8. OPERATING SEGMENTS (CONTINUED)

Business segments (continued)

i) Reconciliation of reportable segment profit:

RM'000	← 3 Months Ended →	
	<u>2019</u>	<u>2018</u>
Total profit for reportable segments	225,444	221,578
Elimination of inter-segment profit	(130,000)	(130,000)
Consolidated profit before tax	<u>95,444</u>	<u>91,578</u>

ii) Reconciliation of reportable segment assets:

RM'000	← 3 Months Ended →	
	<u>2019</u>	<u>2018</u>
Total assets for reportable segments	4,509,439	4,295,764
Elimination of inter-segment assets	(200,000)	(200,000)
Consolidated assets	<u>4,309,439</u>	<u>4,095,764</u>

A9. EVENTS AFTER THE INTERIM PERIOD

There were no material events after the interim period that have not been reflected in the financial statements for the interim period.

A10. EFFECT OF CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the quarterly period, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinued operations.

A11. CHANGES IN CONTINGENT LIABILITIES OR CONTINGENT ASSETS

On 22 February 2017, Lonpac Insurance Bhd (“Lonpac”), a wholly-owned subsidiary of LPI Capital Bhd (“LPI”), received a Notice of Proposed Decision (“Proposed Decision”) by the Malaysia Competition Commission (“MyCC”) under Section 36 of the Competition Act 2010 (“The Act”).

MyCC informed that pursuant to its investigation, the commission on the preliminary basis finds that Lonpac together with the other 21 members of Persatuan Insurans Am Malaysia (“PIAM”) have infringed the prohibition under Section 4(2)(a) of the Act for fixing parts trade discounts and labour rates for repair workshops and are therefore liable for an infringement under Section 4(3) of the Act.

MyCC has also proposed to impose a financial penalty of RM8,301,445 on Lonpac for the alleged infringement. The Proposed Decision is not final as at the date of this report, and Lonpac in consultation with its legal advisers will take such appropriate actions to defend its position that it has not been in infringement of Section 4(2)(a) of the Act.

Saved as disclosed above, the Group does not have any other contingent assets and liabilities since the last annual balance sheet date.

A12. FINANCIAL INSTRUMENTS

Fair value information

The carrying amounts of cash and cash equivalents, short term receivables and payables reasonably approximate their fair values due to the relatively short-term nature of these financial instruments.

A12. FINANCIAL INSTRUMENTS (CONTINUED)

Fair value information (continued)

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the condensed consolidated statement of financial position.

RM'000	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
31.03.2019										
Financial assets										
<i>Designated at fair value through other comprehensive income</i>										
- Quoted shares	1,020,404	-	-	1,020,404	-	-	-	-	1,020,404	1,020,404
<i>Mandatory at fair value through profit or loss</i>										
- Unit trust	36,573	-	-	36,573	-	-	-	-	36,573	36,573
- Real estate investment trusts ("REITs")	2,523	-	-	2,523	-	-	-	-	2,523	2,523
- Exchange-traded fund ("ETF")	644	-	-	644	-	-	-	-	644	644
- Quoted shares	3,645	-	-	3,645	-	-	-	-	3,645	3,645
- Unquoted shares	-	-	1,328	1,328	-	-	-	-	1,328	1,328
- Corporate bonds and sukuk	-	136,010	-	136,010	-	-	-	-	136,010	136,010
<i>Amortised cost</i>										
- Malaysian government guaranteed loans	-	-	-	-	-	40,619	-	40,619	40,619	40,028
- Corporate bonds and sukuk	-	-	-	-	-	53,050	-	53,050	53,050	52,764
	1,063,789	136,010	1,328	1,201,127	-	93,669	-	93,669	1,294,796	1,293,919

A12. FINANCIAL INSTRUMENTS (CONTINUED)

Fair value information (continued)

31.12.2018

RM'000	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
Financial assets										
<i>Designated at fair value through other comprehensive income</i>										
- Quoted shares	1,090,899	-	-	1,090,899	-	-	-	-	1,090,899	1,090,899
<i>Mandatory at fair value through profit or loss</i>										
- Unit trust	36,009	-	-	36,009	-	-	-	-	36,009	36,009
- Real estate investment trusts ("REITs")	2,365	-	-	2,365	-	-	-	-	2,365	2,365
- Exchange-traded fund ("ETF")	590	-	-	590	-	-	-	-	590	590
- Quoted shares	3,635	-	-	3,635	-	-	-	-	3,635	3,635
- Unquoted shares	-	-	1,328	1,328	-	-	-	-	1,328	1,328
- Corporate bonds and sukuk	-	135,904	-	135,904	-	-	-	-	135,904	135,904
<i>Amortised cost</i>										
- Malaysian government guaranteed loans	-	-	-	-	-	40,420	-	40,420	40,420	40,033
- Corporate bonds and sukuk	-	-	-	-	-	58,001	-	58,001	58,001	57,889
	1,133,498	135,904	1,328	1,270,730	-	98,421	-	98,421	1,369,151	1,368,652

A12. FINANCIAL INSTRUMENTS (CONTINUED)

Fair value information (continued)

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the current interim period ended 31 March 2019 (31.03.2018: no transfer in either directions).

Level 3 fair value

The following table shows a reconciliation of Level 3 fair values:

	2019	2018
	RM'000	RM'000
Unquoted shares		
As at 1 January	1,328	235
Changes on initial application of MFRS 9	-	1,080
	<u>1,328</u>	<u>1,315</u>
Fair value gains in profit or loss	-	13
Balance as at 31 March 2019 / 31 December 2018	<u>1,328</u>	<u>1,328</u>

A12. FINANCIAL INSTRUMENTS (CONTINUED)

Fair value information (continued)

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the key unobservable inputs used in the valuation models.

Financial instruments carried at fair value

Type	Description of valuation technique and inputs used	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Unquoted shares	The fair value is determined to approximate the net assets value of the investee as it is immaterial in the context of the financial statements.	Net assets value	The higher the value of net assets the higher the fair value.

A13. CAPITAL AND OTHER COMMITMENTS

RM'000	<u>31.03.2019</u>	<u>31.12.2018</u>
Capital expenditure commitments		
Plant and equipment		
Contracted but not provided for	10,979	10,979

A14. SIGNIFICANT RELATED PARTY TRANSACTIONS

The significant related party transactions of the Group are as follows:-

RM'000	Associated Company		Companies in which a Director has substantial financial interest	
	31.03.2019	31.03.2018	31.03.2019	31.03.2018
Income earned:				
Premium income	269	41	26,199	23,910
Dividend income	-	-	16,499	15,235
Fixed deposits income	-	-	1,738	1,434
Corporate bonds and sukuk income	-	-	774	775
Information technology services	-	9	-	-
	<u>269</u>	<u>50</u>	<u>45,210</u>	<u>41,354</u>
Expenditure incurred:				
Rental paid	-	-	(729)	(729)
Insurance commission	(74)	(3)	(13,727)	(12,918)
Stock broking commission	-	-	-	(86)
	<u>(74)</u>	<u>(3)</u>	<u>(14,456)</u>	<u>(13,733)</u>

**PART B – ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD
LISTING REQUIREMENTS**

B1. REVIEW OF GROUP PERFORMANCE

Table 1: Financial review for current quarter and financial year to date

RM'mil	Individual Period		Changes		Cumulative Period		Changes	
	Current Year Quarter Ended	Preceding Year Corresponding Quarter Ended			Current Year To Date Ended	Preceding Year Corresponding Period Ended		
	31.03.2019	31.03.2018	Amount	% / ppt (*)	31.03.2019	31.03.2018	Amount	% / ppt (*)
Revenue by segments								
General insurance segment	375.2	364.9	10.3	2.8%	375.2	364.9	10.3	2.8%
Gross earned premiums	358.2	349.7	8.5	2.4%	358.2	349.7	8.5	2.4%
Investment income	17.0	15.2	1.8	11.8%	17.0	15.2	1.8	11.8%
Investment holding segment								
Investment income	17.5	16.1	1.4	8.7%	17.5	16.1	1.4	8.7%
Total revenue	392.7	381.0	11.7	3.1%	392.7	381.0	11.7	3.1%
Revenue by geographical locations								
Malaysia	372.7	364.7	8.0	2.2%	372.7	364.7	8.0	2.2%
Singapore	20.0	16.3	3.7	22.7%	20.0	16.3	3.7	22.7%
Total revenue	392.7	381.0	11.7	3.1%	392.7	381.0	11.7	3.1%
Operating profit	94.9	90.7	4.2	4.6%	94.9	90.7	4.2	4.6%

(* ppt – percentage points)

B1. REVIEW OF GROUP PERFORMANCE (CONTINUED)

Table 1: Financial review for current quarter and financial year to date (continued)

	Individual Period		Changes		Cumulative Period		Changes	
	Current Year Quarter Ended	Preceding Year Corresponding Quarter Ended			Current Year To Date Ended	Preceding Year Corresponding Period Ended		
	31.03.2019	31.03.2018	Amount	% / ppt (*)	31.03.2019	31.03.2018	Amount	% / ppt (*)
Profit before tax by segments								
General insurance (RM'mil)	79.9	77.4	2.5	3.2%	79.9	77.4	2.5	3.2%
Investment holding (RM'mil)	15.5	14.2	1.3	9.2%	15.5	14.2	1.3	9.2%
Total profit before tax	95.4	91.6	3.8	4.1%	95.4	91.6	3.8	4.1%
Profit before tax by geographical locations								
Malaysia (RM'mil)	92.7	91.6	1.1	1.2%	92.7	91.6	1.1	1.2%
Singapore (RM'mil)	1.9	(0.9)	2.8	311.1%	1.9	(0.9)	2.8	311.1%
Cambodia (RM'mil)	0.8	0.9	(0.1)	(11.1)%	0.8	0.9	(0.1)	(11.1)%
Total profit before tax	95.4	91.6	3.8	4.1%	95.4	91.6	3.8	4.1%
Profit attributable to owners of the Company (RM'mil)	77.2	72.5	4.7	6.5%	77.2	72.5	4.7	6.5%
Net return on equity (%)	3.9	3.7	-	0.2 ppt	3.9	3.7	-	0.2 ppt
Earnings per share (sen)	19.37	18.20	1.17	6.4%	19.37	18.20	1.17	6.4%

(* ppt – percentage points)

B1. REVIEW OF GROUP PERFORMANCE (CONTINUED)

Table 1: Financial review for current quarter and financial year to date (continued)

	Individual Period		Changes		Cumulative Period		Changes	
	Current Year Quarter Ended	Preceding Year Corresponding Quarter Ended			Current Year To Date Ended	Preceding Year Corresponding Period Ended		
	31.03.2019	31.03.2018	Amount	% / ppt (*)	31.03.2019	31.03.2018	Amount	% / ppt (*)
General insurance gross written premiums (RM'mil)	460.9	483.2	(22.3)	(4.6)%	460.9	483.2	(22.3)	(4.6)%
General insurance net earned premiums (RM'mil)	235.6	216.4	19.2	8.9%	235.6	216.4	19.2	8.9%
General insurance underwriting profit (RM'mil)	59.6	59.6	-	-	59.6	59.6	-	-
General insurance claims incurred ratio (%)	47.4	47.1	-	0.3 ppt	47.4	47.1	-	0.3 ppt
General insurance management expenses ratio (%)	22.0	21.7	-	0.3 ppt	22.0	21.7	-	0.3 ppt
General insurance commission ratio (%)	5.2	3.6	-	1.6 ppt	5.2	3.6	-	1.6 ppt
General insurance combined ratio (%)	74.6	72.4	-	2.2 ppt	74.6	72.4	-	2.2 ppt

(* ppt – percentage points)

B1. REVIEW OF GROUP PERFORMANCE (CONTINUED)

Table 3: Underwriting results of general insurance for the financial period ended 31 March:

RM'000	Fire		Motor		Marine, Aviation & Transit		Miscellaneous		Total	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Gross written premiums	204,497	198,338	88,038	83,130	29,582	36,073	138,770	165,704	460,887	483,245
Change in unearned premiums provision	(53,440)	(50,228)	(6,909)	(8,995)	(6,113)	(13,938)	(36,201)	(60,355)	(102,663)	(133,516)
Gross earned premiums	151,057	148,110	81,129	74,135	23,469	22,135	102,569	105,349	358,224	349,729
Gross written premiums ceded to reinsurers	(85,746)	(82,784)	(3,997)	(3,793)	(23,608)	(30,671)	(66,201)	(87,995)	(179,552)	(205,243)
Change in unearned premiums provision	30,659	26,586	(507)	(3,677)	5,510	13,535	21,301	35,469	56,963	71,913
Premiums ceded to reinsurers	(55,087)	(56,198)	(4,504)	(7,470)	(18,098)	(17,136)	(44,900)	(52,526)	(122,589)	(133,330)
Net earned premiums	95,970	91,912	76,625	66,665	5,371	4,999	57,669	52,823	235,635	216,399
Net claims incurred	(13,063)	(17,439)	(54,122)	(56,536)	(3,365)	(667)	(41,227)	(27,249)	(111,777)	(101,891)
Commission income	10,956	11,832	394	949	3,224	2,158	13,947	16,163	28,521	31,102
Commission expense	(18,255)	(17,030)	(7,769)	(7,061)	(1,275)	(1,405)	(13,534)	(13,473)	(40,833)	(38,969)
Net commission	(7,299)	(5,198)	(7,375)	(6,112)	1,949	753	413	2,690	(12,312)	(7,867)
Total out-go	(20,362)	(22,637)	(61,497)	(62,648)	(1,416)	86	(40,814)	(24,559)	(124,089)	(109,758)
Underwriting surplus before management expenses	75,608	69,275	15,128	4,017	3,955	5,085	16,855	28,264	111,546	106,641
Management expenses of the insurance fund									(51,938)	(47,056)
Underwriting surplus after management expenses									59,608	59,585
Net claims incurred ratio (%)	13.6	19.0	70.6	84.8	62.7	13.3	71.5	51.6	47.4	47.1

B1. REVIEW OF GROUP PERFORMANCE (CONTINUED)

Revenue

Despite the implementation of Phase 2 of the Liberalisation Framework effective from 1st July 2017, whereby the general insurance market is expected to see keener competition and pricing pressure on motor and fire insurances, the Group's revenue grew by RM11.7 million to RM392.7 million from RM381.0 million in the first quarter of 2019, an increase of 3.1% as compared to the corresponding quarter last year. The increase was mainly driven by growth in gross earned premium of 2.4% or RM8.5 million from its general insurance segment. Investment holding segment recorded higher revenue of RM17.5 million as compared to RM16.1 million in the corresponding quarter in 2018 due to higher dividend income received.

Profit Before Tax

Profit before tax of the Group for the first quarter of 2019 grew by 4.1% or RM3.8 million to RM95.4 million from RM91.6 million in the corresponding quarter in 2018. The increase was contributed by profit from general insurance segment, which increased by 3.2% to RM79.9 million from RM77.4 million in the first quarter of 2018 as a result of higher investment income. Despite its net earned premium increased by 8.9% to RM235.6 million from RM216.4 million reported in the previous corresponding quarter, the underwriting profit remain the same at RM59.6 million as compared to the first quarter of 2018 mainly due to higher claims incurred. The investment holding segment recorded a higher profit before tax of RM15.5 million as compared to RM14.2 million in the corresponding quarter in 2018 due to higher dividend income received.

Business operation in Malaysia contributed 97.2% of the Group's total profit before tax in the first quarter of 2019.

B1. REVIEW OF GROUP PERFORMANCE (CONTINUED)

Table 4: Other comprehensive income for current quarter and financial year to date

	Individual Period		Cumulative Period	
	Current Year Quarter Ended 31.03.2019	Preceding Year Corresponding Quarter Ended 31.03.2018	Current Year To Date Ended 31.03.2019	Preceding Year Corresponding Period Ended 31.03.2018
RM' mil				
Other comprehensive income				
Items that are or may be reclassified subsequently to profit or loss				
Foreign currency translation differences for foreign operation	(1.8)	(2.9)	(1.8)	(2.9)
Items that will not be reclassified to profit or loss				
Net (losses)/gains on investments in equity instruments designated at fair value through other comprehensive income	(70.5)	141.9	(70.5)	141.9
Income tax relating to these items	0.4	0.1	0.4	0.1
Total other comprehensive (loss)/income for the period, net of tax	(71.9)	139.1	(71.9)	139.1

The Group's total other comprehensive income for the three months ended 31 March 2019 recorded a net loss of RM71.9 million as compared to a net gain of RM139.1 million in the corresponding quarter in 2018. The decrease was mainly due to unrealised fair value loss on its investment in quoted equities.

B1. REVIEW OF GROUP PERFORMANCE (CONTINUED)

Table 5: Review of assets and liabilities

RM' mil	As at 31.03.2019	As at 31.12.2018	Changes	
			Amount	%
Total assets	4,309.4	4,240.6	68.8	1.6
Total liabilities	2,314.7	2,083.8	230.9	11.1
Total equity	1,994.7	2,156.8	(162.1)	(7.5)

Total assets

As at 31 March 2019, the Group's total assets increased by RM68.8 million to RM4,309.4 million from RM4,240.6 million as at 31 December 2018. The increase was mainly attributed by the recognition of right-of-use assets upon the adoption of MFRS 16, growth in reinsurance assets and insurance receivables. The general insurance segment accounted for 74.0% of the Group's total assets as at 31 March 2019.

Total liabilities

As at 31 March 2019, total liabilities of the Group increased to RM2,314.7 million from RM2,083.8 million as at 31 March 2018. This mainly consists of RM129.9 million increase in insurance contract liabilities and RM89.7 million in insurance payables of its general insurance segment.

Total equity

The Group's total equity dropped by 7.5% or RM162.1 million to RM1,994.7 million as at 31 March 2019 from RM2,156.8 million mainly due to decrease in retained earnings after the payment of dividends amounting to RM167.3 million, offsetted by RM77.2 million net profit generated in the quarter, as well as decrease in fair value reserve of RM70.1 million on its investment in equities. As a result, the Group's net tangible asset per share decreased to RM5.01 from RM5.41 as at 31 December 2018.

B1. REVIEW OF GROUP PERFORMANCE (CONTINUED)

Table 6: Breakdown of Key Financial Information of Foreign Operation - Lonpac Insurance Bhd (Singapore Branch)

Exchange rate as at 31.03.2019 SGD1.00 = RM3.01	Functional Currency SGD'000	Reporting Currency RM'000
Gross earned premiums	6,160	18,541
Investment income	468	1,410
Total revenue	6,628	19,951
Profit before tax	645	1,941
Profit after tax	630	1,896
Total assets	63,741	191,861
Total liabilities	53,864	162,130

For consolidation purpose, the financial statements of Singapore Branch of its subsidiary, Lonpac Insurance Bhd are translated from SGD to RM at exchange rate at the end of the reporting period.

B1. REVIEW OF GROUP PERFORMANCE (CONTINUED)

Table 7: Review of statement of cash flow

RM'mil	Current Year To Date Ended 31.03.2019	Preceding Year Corresponding Period Ended 31.03.2018
Profit after tax	77.2	72.5
Net cash flows generated from operating activities	168.2	75.6
Net cash flows used in investing activities	(0.5)	(0.6)
Net cash flows used in financing activities	(169.0)	(150.4)
Net decrease in cash and cash equivalents	(1.3)	(75.4)
Cash and cash equivalents at 1 January	418.5	294.5
Effect of movement in exchange rates	(1.0)	(1.7)
Cash and cash equivalents at 31 March	416.2	217.4

For the three months ended 31 March 2019, the analysis of the cash flow statement of the Group shows that the profitability and operating cash flow of the Group remains healthy and strong. The ratio of cash flow from operating activities to net income was 217.9% (RM168.2 million / RM77.2 million). The ratio indicates the ability of the Group to generate sufficient positive cash flow to maintain and grow its operation.

B1. REVIEW OF GROUP PERFORMANCE (CONTINUED)

Review of statement of cash flow (continued)

The Group has relatively low spending on plant and equipment due to its core business of underwriting of general insurance. The Group's capital expenditure for the current financial period under review was RM0.5 million. The Group's main investing activities are in information technology and purchase of computer equipment.

The Group's balance sheet is not laden with debts other than insurance contract liabilities which increased by RM129.9 million to RM1,988.9 million for the three months period ended 31 March 2019. The Group has generated sufficient cash flow to pay a second interim dividend of 42.0 sen per share amounting to RM167.3 million on 27 February 2019 in respect of the financial year ended 31 December 2018.

B2. MATERIAL CHANGES IN THE PROFIT BEFORE TAX FOR THE QUARTER REPORTED ON WITH THE IMMEDIATE PRECEDING QUARTER

	Current Year Quarter Ended 31.03.2019	Immediate Preceding Quarter Ended 31.12.2018	Changes	
			Amount	% / ppt
Gross earned premiums (RM'mil)	358.2	370.6	(12.4)	(3.3)%
Investment income (RM'mil)	34.5	18.4	16.1	87.5%
Total revenue (RM'mil)	392.7	389.0	3.7	1.0%
Operating profit (RM'mil)	94.9	110.1	(15.2)	(13.8)%
Profit before tax (RM'mil)	95.4	110.9	(15.5)	(14.0)%
Profit attributable to owners of the Company (RM'mil)	77.2	84.0	(6.8)	(8.1)%
Net return on equity (%)	3.9	3.9	-	-
Earnings per share (sen)	19.37	21.09	(1.72)	(8.2)%
General insurance gross written premiums (RM'mil)	460.9	304.3	156.6	51.5%
General insurance net earned premiums (RM'mil)	235.6	254.1	(18.5)	(7.3)%
General insurance underwriting profit (RM'mil)	59.6	91.1	(31.5)	(34.6)%
General insurance claims incurred ratio (%)	47.4	39.1	-	8.3 ppt
General insurance management expenses ratio (%)	22.0	17.5	-	4.5 ppt
General insurance commission ratio (%)	5.2	7.6	-	(2.4) ppt
General insurance combined ratio (%)	74.6	64.2	-	10.4 ppt

For the first quarter ended 31 March 2019, the Group recorded a lower profit before tax of RM95.4 million as compared to RM110.9 million in the preceding quarter ended 31 December 2018. The decrease in the profit before tax for the said quarter was mainly due to lower net earned premiums and higher claims incurred.

B3. CURRENT YEAR PROSPECTS

- a) Continued uncertainties in the global economy coupled with stiff competition in the local insurance market in the light of a liberalising market will remain the main challenges for the Group. However, the Government's plan to proceed with the implementation of some infrastructure projects that were suspended earlier will spur the demand for insurance coverage especially in project insurances where Lonpac is an active player. We will continue to innovate new products to meet the insurance needs of the customers and further strengthen our market position. With the concerted efforts of the staff and support from our partners, we are confident that the Group will be able to continue reporting improved performance and create value for shareholders.
- b) Commentary on the Company's progress to achieve the financial estimate, forecast, projection or internal targets in the remaining period to the end of the financial year and the forecast period which was previously announced or disclosed in a public document and steps taken or proposed to be taken to achieve the financial estimate, forecast, projection or internal targets. – Not Applicable.

B4. STATEMENT ON FINANCIAL ESTIMATE, FORECAST, PROJECTION OR INTERNAL TARGETS PREVIOUSLY ANNOUNCED OR DISCLOSED IN A PUBLIC DOCUMENT

A statement of the Board of Directors' opinion as to whether the financial estimate, forecast, projection or internal targets in the remaining period to the end of the financial year and the forecast period which was previously announced or disclosed in a public document are likely to be achieved. – Not Applicable.

B5. EXPLANATORY NOTE FOR VARIANCE FROM A FINANCIAL ESTIMATE, FORECAST OR PROJECTION OR PROFIT GUARANTEE PREVIOUSLY ANNOUNCED OR DISCLOSED IN A PUBLIC DOCUMENT

- a) Any variance of actual profit after tax and minority interest and the profit after tax and minority interest stated in the financial estimate, forecast or projection (where the variance exceeds 10%). – Not Applicable.
- b) Any shortfall in the profit guarantee received by the Company and steps to recover the shortfall. – Not Applicable.

B6. TAXATION

RM'000	Individual Period		Cumulative Period	
	Current Year Quarter Ended	Preceding Year Corresponding Quarter Ended	Current Year To Date Ended	Preceding Year Corresponding Period Ended
	<u>31.03.2019</u>	<u>31.03.2018</u>	<u>31.03.2019</u>	<u>31.03.2018</u>
Profit before tax	95,444	91,578	95,444	91,578
Income tax:				
Current tax charge	18,949	19,372	18,949	19,372
Deferred taxation	(663)	(294)	(663)	(294)
Total tax expense	18,286	19,078	18,286	19,078
Effective tax rate on current tax charge	19%	21%	19%	21%

The effective tax rate on the current tax charge of the Group for the current quarter and financial period ended 31 March 2019 is lower than the statutory tax rate mainly due to tax-exempt dividends received and certain income being taxed at a reduced rate.

B7. STATUS OF CORPORATE PROPOSALS

- a) There was no corporate proposal announced but not completed as at 8 April 2019, the latest practicable date which is not earlier than 7 days from the date of the issue of this quarterly report.
- b) Brief explanation of the status of utilisation of proceeds raised from any corporate proposal – Not Applicable.

B8. GROUP BORROWINGS AND DEBT SECURITIES

The Group has no outstanding borrowings and debt securities for the current interim period ended 31 March 2019.

B9. DISCLOSURE OF DERIVATIVES

A disclosure on outstanding derivatives (including financial instruments designated as hedging instruments) as at 31 March 2019. – Not Applicable.

B10. GAINS/ LOSSES ARISING FROM FAIR VALUE CHANGES OF FINANCIAL LIABILITIES

There were no gains/ losses arising from fair value changes of the financial liabilities for the current quarter and financial period ended 31 March 2019.

B11. CHANGES IN MATERIAL LITIGATION

There were no pending material litigations since the last annual balance sheet date up to 8 April 2019, which is not earlier than 7 days from date of issue of this quarterly report.

B12. DIVIDEND

No interim ordinary dividend has been recommended in this quarter.

B13. EARNINGS PER SHARE

a) Basic earnings per share

	Individual Period		Cumulative Period	
	Current Year Quarter Ended <u>31.03.2019</u>	Preceding Year Corresponding Quarter Ended <u>31.03.2018</u>	Current Year To Date Ended <u>31.03.2019</u>	Preceding Year Corresponding Period Ended <u>31.03.2018</u>
Profit after tax (RM'000)	77,158	72,500	77,158	72,500
Weighted average no. of ordinary shares in issue (‘000)	398,383	398,383	398,383	398,383
Basic earnings per share (sen)	19.37	18.20	19.37	18.20

b) Diluted earnings per share. – Not Applicable.

B14. PROFIT FOR THE PERIOD

	Individual Period		Cumulative Period	
	Current Year Quarter Ended	Preceding Year Corresponding Quarter Ended	Current Year To Date Ended	Preceding Year Corresponding Period Ended
	<u>31.03.2019</u>	<u>31.03.2018</u>	<u>31.03.2019</u>	<u>31.03.2018</u>
	RM'000	RM'000	RM'000	RM'000
Profit for the period is arrived at after charging:				
Finance costs	190	4	190	4
Depreciation of plant and equipment (N1)	840	850	840	850
Depreciation of right-of-use assets (N1)	1,791	-	1,791	-
Loss on disposal of unquoted investment (N3)	-	69	-	69
Net impairment loss on insurance receivables	3,515	263	3,515	263
Impairment loss on investment carried at amortised cost	-	1	-	1
Net foreign exchange loss (N1)	-	52	-	52
and after crediting:				
Interest income (N2)	15,970	15,260	15,970	15,260
Dividend income (N2)	18,297	15,720	18,297	15,720
Rental income (N2)	211	289	211	289
Reversal of impairment loss on investments carried at amortised cost	3	-	3	-
Net foreign exchange gain (N1)	5	-	5	-

B14. PROFIT FOR THE PERIOD (CONTINUED)

Other than the items above which have been included in the Condensed Consolidated Statement of Profit or Loss, there were no impairment of assets, gain or loss on derivatives and exceptional items for the current financial period ended 31 March 2019.

(N1) Depreciation of plant and equipment, depreciation of right-of-use assets, net impairment loss on insurance receivables and net foreign exchange gain/(loss) are reported under item management expenses in the Condensed Consolidated Statement of Profit or Loss.

(N2) Interest income, dividend income and rental income are reported under item investment income in the Condensed Consolidated Statement of Profit or Loss.

(N3) Gain/(loss) on disposal of unquoted investment is reported under item realised gains and losses in the Condensed Consolidated Statement of Profit or Loss.

B15. ADDITIONAL DISCLOSURE INFORMATION

Trade receivables

The credit terms of trade receivables granted to related parties are no different from those granted to non-related parties.

A trade receivable is deemed past due when the counterparty has failed to make payment when the outstanding amount are contractually due.

Age analysis of trade receivables past due but not impaired:

	<30 days RM'000	31 - 60 days RM'000	61 - 90 days RM'000	91 - 180 days RM'000	>180 days RM'000	Total RM'000
31.03.2019						
Insurance receivables	14,606	6,543	5,455	2,478	-	29,082
31.12.2018						
Insurance receivables	4,681	2,815	1,377	-	-	8,873

The past due trade receivables above are collectable.

The following table show reconciliations from the opening balance to the closing balance of the allowance for impairment by class of financial instrument.

B15. ADDITIONAL DISCLOSURE INFORMATION (CONTINUED)

Trade receivables (continued)

RM'000

	31.03.2019				31.12.2018			
	12-months ECL Corporate bonds and sukuk	Due from reinsurers and cedants	Lifetime ECL Due premiums including agents and brokers and co-insurers	Total	12-months ECL Corporate bonds and sukuk	Due from reinsurers and cedants	Lifetime ECL Due premiums including agents and brokers and co-insurers	Total
As at 1 January 2019 under MFRS 9/ 1 January 2018 under MFRS 139	22	101	2,056	2,179	-	-	38	38
Changes on initial application of MFRS 9	-	-	-	-	13	80	792	885
As at 1 January 2019/ 1 January 2018 under MFRS 9	22	101	2,056	2,179	13	80	830	923
Net remeasurement of allowance for impairment	(3)	(69)	3,584	3,512	9	21	1,264	1,294
Bad debts written off against impairment allowance	-	-	-	-	-	-	(38)	(38)
As at 31 March 2019/ 31 December 2018	19	32	5,640	5,691	22	101	2,056	2,179

B16. DISCLOSURE ON QUALIFICATION OF AUDIT REPORT

The audit report of the Group's preceding annual financial statements was not qualified.